STATE OF ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2016

Robert Bentley
Governor

Young Boozer
State Treasurer

Bill Newton
Acting Director of Finance

Jim Zeigler
State Auditor

Prepared by the
Department of Finance, Office of the State Comptroller
Kathleen D. Baxter, Ph.D, CGFM, CPM • Acting State Comptroller

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Governor

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Kathleen D. Baxter, PhD, CGFM, CPM
State Comptroller

September 29, 2017

To the Honorable Governor,
Members of the State Legislature, and
the Citizens of Alabama:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the State of Alabama for the year ended September 30, 2016. I believe the information as presented is accurate in all material respects and complies with Article IV, Section 72 of the *Constitution of Alabama of 1901* and Section 41-4-3(4) of the *Code of Alabama 1975*, as amended. The completeness and fairness of the presentation, including all disclosures, rests with the State's management. This report complies with Article V, Section 137 of the *Constitution of Alabama of 1901* and Section 36-16-1(6) of the *Code of Alabama 1975*, as amended, as the financial report for the State Auditor, State Treasurer, and State Comptroller.

Introduction to the Report

Internal Controls

The internal controls in the State's accounting system have been designed to comply with Alabama statutes requiring the audit of receipts and receivables; the determination of legality and correctness of each claim and expenditure; and that funds are appropriated, allotted, and on deposit in the State Treasury before any warrant is issued. The internal controls include manual pre-audit and automated system edits. As an additional control, the State Auditor's Office is responsible for a post-audit of the accounts and records of the Department of Finance and the State Treasurer's Office. These internal accounting controls provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss or unauthorized disposition and the reliability of the financial records from which the financial reports are prepared. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefits.

Audit

This CAFR has been audited by the Department of Examiners of Public Accounts. The Examiners conducted their audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Examiners' unmodified opinion appears at the beginning of the financial section of this report. The State will also undergo an audit of federal programs to conform to the requirements of the *Single Audit Act Amendments of 1996* and the *U.S. Office of Management and Budget Circular A-133*, *Audits of States, Local Governments, and Non-Profit Organizations*. Information relating to the single audit, including the schedule of expenditures of federal awards, and audit findings and recommendations, is issued in a separate report and will be available at a later date from the Department of Examiners of Public Accounts.

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Management's Discussion and Analysis

Governmental Accounting Standards Board (GASB) Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report. The MD&A provides an overview of the State's financial activities addressing both governmental and business-type activities reported in the government-wide financial statements. In addition, the MD&A focuses on the State's major funds, such as the General Fund, Education Trust Fund, Alabama Trust Fund, and Unemployment Compensation Trust Fund.

Profile of the Government

Reporting Entity

This report presents financial information on all of State government as a single reporting entity. While state law allows many state organizations to operate largely independent of the daily central control and scrutiny of the Department of Finance, State Auditor, and State Treasurer, this report combines the financial data of all state organizations in order to present a comprehensive picture of state finances. The numerous departments, agencies, elected officials, boards, commissions, authorities, colleges, universities, and other organizational units of the State are included in this report in accordance with standards established by the Governmental Accounting Standards Board. These standards make a distinction between organizations which are considered to be part of the primary government of the State and those which are component units. A component unit is defined as a legally separate corporate entity for which the State is considered to be financially accountable. The criteria used to determine financial accountability include the appointment of a majority of the governing board, the ability of the State to impose its will on the organization, and the potential for the organization to be a financial benefit or financial burden to the State. The State is also considered financially accountable for any organization having an independently appointed board if that organization is fiscally dependent on the State. An organization is fiscally dependent if it is unable to adopt a budget, set rates or charges, or issue bonded debt without the approval of the State. Component units can be reported as if they are a part of the primary government ("blended presentation") if they provide services solely to the government or if their debt is repaid solely by the government, but many of the State's component units do not and are therefore presented separately ("discrete presentation") in these financial statements. The largest of the blended component units includes the Public School and College Authority, Department of Mental Health, and the Federal Aid Highway Finance Authority. The major discretely presented component units are the University of Alabama, Auburn University, the University of South Alabama, the Alabama Housing Finance Authority, and the Public Education Employees' Health Insurance Board. Note 1 to the financial statements provides a more complete description of the State's reporting entity.

Budgetary Controls

Budgetary control is exercised through the Executive Budget Office of the Department of Finance based on the Appropriation Acts of the State Legislature. Alabama's annual Appropriation Acts include legally adopted budgets for the General Fund, the Education Trust Fund, and other budgeted funds. The Appropriation Acts identify the source of funding and the programmatic (functional) areas for which expenditures are authorized. Both the *Constitution of Alabama of 1901* and the statutes require a balanced budget for annual financial operations. In the event that revenue collections do not meet budget projections, the Governor is required to prorate appropriations and restrict allotments to prevent an overdraft in any fiscal year for which appropriations are made. Allotments of appropriations are made quarterly based on plans of operations submitted by the departments and agencies. These appropriations and allotments are enforced by automated edits that prevent allotments in excess of appropriations and expenditures in excess of allotments. Encumbrance accounting is utilized as purchase orders are issued to insure that purchase orders plus expenditures do not exceed allotment balances. Controls are further tightened at fiscal year-end by verifying that the total of purchase orders plus expenditures plus any obligations (accounts payable) incurred against fiscal year appropriations do not exceed allotments, and remaining allotments do not exceed cash in the Treasury.

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Cash Controls

The State's controls on cash are fiscally very conservative. Amendment 26 to the *Constitution of Alabama of 1901* prohibits the State Comptroller from drawing warrants on the State Treasury unless there is money on hand to cover those warrants. This is more restrictive at the end of the fiscal year when obligations (encumbrances and accounts payable) cannot exceed the available cash balance (cash less warrants payable). This control is enforced by automated edits and tends to result in positive fund balances, even when generally accepted accounting principles (GAAP) basis accruals are made in the financial statements. Compliance with Amendment 26 is demonstrated in the following exhibits for the General Fund and the Education Trust Fund.

Summary of Receipts, Disbursements, and Cash Balances
General Fund
Last Five Fiscal Years - Cash Basis (Treasury Cash Only)
(Amounts in Thousands)

	2016	2015	2014	2013	2012
Beginning Cash Balance, October 1	**$ 146,054**	**$ 128,462**	**$ 122,204**	**$ 82,198**	**$ 78,027**
Receipts	1,845,327	1,851,313	1,754,573	1,725,226	1,683,865
Disbursements	1,822,790	1,833,721	1,748,315	1,685,220	1,679,694
Net Increase (Decrease) in Cash Balance	**22,537**	**17,592**	**6,258**	**40,006**	**4,171**
Ending Cash Balance, September 30	**168,591**	**146,054**	**128,462**	**122,204**	**82,198**
Cash Balance Reserved for Obligations	44,959	51,302	44,843	60,901	39,825
Unobligated Cash Balance, September 30	**$ 123,632**	**$ 94,752**	**$ 83,619**	**$ 61,303**	**$ 42,373**

Summary of Receipts, Disbursements, and Cash Balances
Education Trust Fund
Last Five Fiscal Years - Cash Basis (Treasury Cash Only)
(Amounts in Thousands)

	2016	2015	2014	2013	2012
Beginning Cash Balance, October 1	**$ 197,189**	**$ 56,967**	**$ 325,918**	**$ 97,745**	**$ 59,280**
Receipts	6,072,933	6,048,341	5,802,736	5,683,296	5,704,208
Disbursements	6,078,145	5,908,119	6,071,687	5,455,123	5,665,743
Net Increase (Decrease) in Cash Balance	**(5,212)**	**140,222**	**(268,951)**	**228,173**	**38,465**
Ending Cash Balance, September 30	**191,977**	**197,189**	**56,967**	**325,918**	**97,745**
Cash Balance Reserved for Obligations	70,954	54,505	49,893	59,743	77,800
Unobligated Cash Balance, September 30	**$ 121,023**	**$ 142,684**	**$ 7,074**	**$ 266,175**	**$ 19,945**

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General Fund and Education Trust Fund Balances

The fund balances for the General Fund and the Education Trust Fund for the last five fiscal years are presented in the following table. The fiscally conservative nature of Amendment 26 to the *Constitution of Alabama of 1901* tends to produce positive fund balances. However, in 2009 the Education Trust Fund used the provisions of Amendment 803 to the *Constitution of Alabama of 1901* to borrow $437.4 million from the Alabama Trust Fund in order to avoid deeper cuts from proration. The loan left the Education Trust Fund with a deficit fund balance from 2010 through 2013. The loan was paid off in 2015.

Fund Balances - GAAP Basis
(Amounts in Millions)

	2016	2015	2014	2013	2012
General Fund	$ 191.0	$ 113.9	$ 124.4	$ 94.5	$ 13.3
Education Trust Fund	486.8	465.9	28.8	(93.7)	(291.8)

Cash Management

The State Treasurer has the responsibility for the investment of cash balances. In accordance with statutory requirements, treasury cash may be invested in Alabama bank deposits, repurchase agreements, U.S. Treasury securities and Agency securities.

The State Treasurer has placed considerable emphasis on cash management. In cooperation with state agencies, the receiving of funds into the State Treasury is expedited, with all excess funds earning interest. Investment earnings received during the 2016 fiscal year were as follows:

Bank Deposits	$ 3.6 million
US Treasury and Agency Securities	$ 5.8 million

Investment earnings are deposited in the State's General Fund to be appropriated by the State Legislature for government operations. In addition to the management of the investment of these funds, the State Treasurer initiates investments for several state agencies, with investment earnings being credited to those agencies.

Long-term Financial Initiatives

The State went live with an upgraded financial and purchasing system on October 1, 2015. This project was the first upgrade to the systems since 1999 and is the first major overhaul of business processes since 1990. A pilot version of the financial system was used successfully in 2014 and 2015 by one State agency. The financial and purchasing components will be the State's book of official record for the State for the 2016 fiscal year. Twenty State agencies representing over eighty percent of transactions were fully converted to using the system beginning October 1, 2015, while the remaining departments continued to use the previous system that feeds into the new system through automated interfaces. The remaining agencies will be converted on October 1, 2016. The upgraded systems eliminated the need for circulating paper documents for processing which also makes tracking and retrieval of documents paperless. Reporting capabilities for accountants, auditors, and vendors are vastly improved over the previous version. This is the first CAFR produced from data in the new financial system.

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Economic Condition and Outlook

In 2016, Alabama's economy grew at a slightly higher pace than in 2015. Consumer spending moderately increased in 2016 as Alabama's gross domestic product (ALGDP) rose by 1.3 percent. The State's unemployment rate decreased to 6.0 percent in 2016 which is above the national average of 4.9 percent. Total state tax revenues increased 2 percent.

Alabama gained 24,500 jobs during 2016. Industries with significant job increases included retailing, financial services, government entities and educational and health services. Federal jobs increased slightly along with both state and local government sectors. Other industries such as wholesale trade, construction, and leisure and hospitality saw considerable losses.

Manufacturing sector output rose by 1.7 percent from October 2015, with an upsurge of 4.8 percent for manufacturers of motor vehicles. Primary metals along with other rubber and plastics also contributed to the growth in manufacturing output with an increase of 3.5 percent and 3 percent, respectively. The construction sector's output showed slight improvement in the period October 2015 to October 2016 with real output growing by 1 percent. Wholesale trade dropped 1.6 percent and was accompanied by a 3.2 percent decrease in employment for the period October 2015 to October 2016. Retail output rose 1.6 percent with an employment increase of 4.1 percent.

Alabama exports saw an increase to $15.2 billion in the first nine months of 2016 compared to exports of $14.4 billion during the first nine month period of 2015 according to data from the U.S. Census Bureau. Exports to Canada, Alabama's largest trade partner, increased by 0.4 percent for the first nine months of 2016. Other major export destinations for Alabama products included Germany, China, Mexico, the United Kingdom, United Arab Emirates, Japan and South Korea. For the first three quarters of 2016, transportation equipment exports totaled $8.1 billion. Other major exports during the first three quarters of 2016 were chemicals, primary metals, machinery manufacturing, paper products, mineral and ores, computer and electronic products, plastic and rubber products, and fabricated metals.

Alabama's economy is expected to expand moderately by 1.9 percent in 2017. Non-agricultural employment is expected to experience a slight gain of 1.0 percent, adding approximately 18,700 jobs. Manufacturing of motor vehicles and parts and other transportation equipment will be the major economic drivers in 2017. These include firms in industries such as transportation equipment, aerospace, motor vehicles, and machinery manufacturing. However, until uncertainties about federal spending priorities, as well as deficit reduction plans are resolved, many private contractors and government facilities engaged in defense-related projects will be cautious in hiring and investment.

Acknowledgements

Production of this report would not have been possible without the assistance of all state organizations which supplied financial information vital to the accuracy of this report. As we strive to produce this report in future years and to further enhance its quality, the continued support and cooperation of all agencies remain essential. I also wish to express my appreciation to the entire staff in the Division of Control and Accounts, whose daily efforts to improve the accountability of state government make the quality of this report possible.

Respectfully submitted,

Kathleen D. Baxter, Ph.D., CGFM, CPM
Acting State Comptroller

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September 30, 2016

EXECUTIVE BRANCH

Robert J. Bentley
Governor

Kay Ivey
Lt. Governor

Young Boozer
State Treasurer

John H. Merrill
Secretary of State

John McMillan
Commissioner of Agriculture and Industries

Luther Strange
Attorney General

Jim Zeigler
State Auditor

JUDICIAL BRANCH

Roy S. Moore
Chief Justice of the Supreme Court

Justices of the Supreme Court

Glenn Murdock

Alisa K. Wise

Michael F. Bolin

James Allen Main

Greg Shaw

Lyn Stuart

Tommy Bryan

Tom Parker

LEGISLATIVE BRANCH

Del Marsh
Senate President, Pro Tempore

Mac McCutcheon
Speaker of the House

Ronald L. Jones
Examiners of Public Accounts

Othni J. Lathram, Interim Director
Legislative Fiscal Office

Othni J. Lathram, Interim Director
Legislative Reference Service

EXECUTIVE BRANCH DEPARTMENTS

Bill Newton, Acting
Department of Finance

H. Mac Gipson
ABC Board

Greg Canfield
Department of Commerce

Neal Morrison
Department of Senior Services

Michael E. Hill
State Banking Department

N. Gunter Guy, Jr.
Department of Conservation and Natural Resources

Lee Sentell
Department of Tourism

Jeana Ross
Department of Early Childhood Education

Nichelle Nix
Office of Minority Affairs

Jim Byard, Jr.
ADECA

Major General Perry G. Smith
State Military Department

Nancy Buckner
Department of Human Resources

Fitzgerald Washington
Department of Labor

Jim Perdue
Department of Mental Health

Jim L. Ridling
Department of Insurance

Colonel Jeff Dunn
Department of Corrections

Art Faulkner
Emergency Management Agency

John R. Cooper
Department of Transportation

Dr. Joanne Hale
Secretary of Information Technology

Stephanie Azar
Alabama Medicaid Agency

Julie P. Magee
Department of Revenue

Stan Stabler
Alabama Law Enforcement Agency

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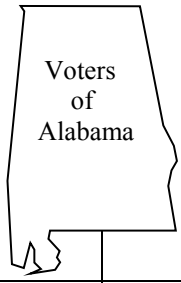
ORGANIZATION CHART



LEGISLATIVE BRANCH
House of Representatives
The Senate

Legislative Fiscal Office
Legislative Reference Service

Examiners of Public Accounts

EXECUTIVE BRANCH

JUDICIAL BRANCH
Supreme Court
Court of Civil Appeals
Court of Criminal Appeals
Circuit and District Courts
Administrative Office of Courts

Independent Agencies and Institutions

Archives and History
Building Commission
Commission on Higher Education
Environmental Management
Ethics Commission
Forensic Sciences
Forestry Commission
Geological Survey
Institutions of Higher Education
Oil & Gas Board
Office of Prosecution Services
Pardons and Paroles
Personnel Department
Postsecondary Education
Public Health
Public Library Services
Retirement Systems of Alabama
Securities Commission
Veterans Affairs
Youth Services
Other Boards & Commissions

Governor

Alcoholic Beverage Control Board
Banking
Commerce
Conservation and Natural Resources
Corrections
Early Childhood Education
Economic and Community Affairs
Emergency Management
Finance
Human Resources
Information Technology
Insurance
Labor
Law Enforcement Agency
Medicaid
Mental Health
Military
Minority Affairs
Revenue
Senior Services
Tourism
Transportation

Other Elected Officials

Lieutenant Governor
Secretary of State
Attorney General
State Treasurer
State Auditor
State Board of Education
Agriculture & Industries Commissioner
Public Service Commission

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The following is a narrative overview and analysis of the financial activities of the State of Alabama for the fiscal year ended September 30, 2016. Please consider the information presented here in conjunction with the letter of transmittal, which is located in the Introductory Section of this report, and the State's financial statements, which immediately follow this discussion and analysis.

Financial Highlights

- The State's net position increased by $689 million during the fiscal year. The assets of the State exceeded its liabilities at the close of the fiscal year by $21.6 billion (net position). $21.4 billion was the net invested in capital assets, and $2.7 billion was Alabama Trust Capital.
- The State had a net pension liability of $3.8 billion for the primary government
- The Change in Net Position in governmental activities was $581 million.
- Governmental activities have $4.1 billion in investments, $2.6 billion of which is held in the Alabama Trust Fund.
- Tax revenues increased $177 million, or 2 percent as the economy improved.
- Income tax revenues decreased $56 million, or 1 percent, because of prior year one-time corporate income tax revenues. However, individual income tax revenues increased $118 million, or 4 percent.
- Sales and use tax revenues increased $174 million, or 7 percent, partly attributable to the Simplified Sellers Use Tax Remittance Act.
- Revenues and expenses increased modestly. Revenues increased $770 million or 4 percent while expenses increased $374 million, or 2 percent.
- The business-type activities reported net position at year-end of $1.5 billion, an increase of $107 million, or 8 percent, for the fiscal year. The Unemployment Compensation Trust Fund cash grew by $114 million. The operating revenues for the State Port Authority decreased by 17 percent as demand for metallurgical coal decreased.
- The State's total bond debt at the end of the fiscal year was $5.0 billion, a decrease of $213 million.
- The State issued approximately $22 million in new health related revenue bonds, $29 million in new education related bonds, and $125 million in new general obligation bonds.
- Capital Assets increased $267 million to $22.9 billion, which includes $19.1 billion in infrastructure assets.
- The Alabama Trust Fund balance increased by $106 million, or 4 percent, and now stands at $2.7 billion.
- The Alabama Trust Fund investment earnings increased from $11 million to $254 million.
- General Fund revenues increased $224 million, while expenditures increased $17 million.
- Education Trust Fund revenues decreased $33 million, while expenditures increased $70 million.
- On a budgetary basis, General Fund revenues and other sources exceeded expenditures and other uses by $117 million. However, on a GAAP (Generally Accepted Accounting Principles) basis, General Fund revenues and other sources exceeded expenditures and other uses by $61 million. The Budgetary Comparison Schedule in Required Supplementary Information reconciles these amounts and lists the accounting basis differences.
- The General Fund was not prorated and the Medicaid Agency has unexpended General Fund appropriations of $56 million to carry over to fiscal year 2017.

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Overview of the Financial Statements

This discussion and analysis is an introduction to the State of Alabama's basic financial statements. The State's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* provide a broad overview of the State's financial position and activities measured in a manner similar to a private-sector business. These statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the economic resources measurement focus and accrual basis of accounting. The government-wide financial statements exclude fiduciary activities.

The *Statement of Net Position* presents information on all of the State's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of the fiscal year. Net position represents the difference between all other elements in this statement. Increases or decreases in net position from year to year may serve as a useful indicator of whether the financial position of the State is improving or not.

The *Statement of Activities* presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the State that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities).* The governmental activities of the State include general government, economic development and regulation, education and cultural resources, natural resources and recreation, health-physical and mental, social services, protection of persons and property, and transportation. Examples of business-type activities of the State are operation of the State's system of community and technical colleges, unemployment compensation services, operation of facilities for the distribution and sale of alcoholic beverages, and shipping services at the Port of Mobile.

The government-wide financial statements include not only the State of Alabama itself (known as the *primary government*), but also legally separate *component units* for which the State is financially accountable. The major *component units* include the Housing Finance Authority, Public Education Employees' Health Insurance Board, University of Alabama, Auburn University, and University of South Alabama. Financial information for the *component units* is reported in a separate column from the financial information presented for the primary government. The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A *fund* is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Most of the State's basic services are reported in governmental funds. The governmental fund financial statements focus on near-term inflows and outflows of resources of these funds and the balances of those resources available at year-end. These funds are measured and reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances are followed by a reconciliation to the government–wide statements.

The types of funds which are categorized as governmental funds are the General Fund, special revenue funds, capital projects funds, debt service funds, and permanent funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Alabama Trust Fund, Education Trust Fund, Public Road and Bridge Fund, Public Welfare Trust Fund, and Alabama Medicaid Fund, all of which are

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considered to be major funds. Data from the nonmajor governmental funds are combined into a single aggregated column on the basic financial statements. Individual fund data for each of the nonmajor governmental funds can be found in the combining and individual fund statements and schedules section of this report.

Proprietary funds
Services for which the State charges customers a fee are generally reported in proprietary funds. The State maintains two different types of proprietary funds: enterprise funds and internal service funds. Like the government-wide statements, proprietary funds use the accrual basis of accounting.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. These funds report activities that provide supplies and services to external users in a manner similar to private business enterprises. The major enterprise funds are the Unemployment Compensation Trust, State Port Authority, Alabama Community College System, and the Alcoholic Beverage Control Board. Individual fund data for each of the nonmajor enterprise funds can be found in the combining and individual fund statements and schedules section of this report.

Internal service funds report activities that provide supplies and services to other state agencies on a cost-reimbursement basis. These funds are reported as governmental activities on the government-wide financial statements. These funds provide computer services, information technology, telecommunications, rental of office buildings, janitorial services, building maintenance, manufacturing activities, and liability protection. The internal service funds are aggregated in a single column on the proprietary fund statements.

Fiduciary funds
The State acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These funds, which include pension and other employee benefits, private-purpose, and agency funds are reported using accrual accounting. The government-wide financial statements exclude fiduciary fund activities and balances because the resources of those funds are not available to support the State's own programs.

Notes to the Financial Statements
The notes to the financial statements are an integral part of the financial statements. They explain amounts shown in the financial statements and provide additional information that is essential to the fair presentation of the government-wide and fund financial statements.

Required Supplementary Information
In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which includes (1) budgetary comparison schedule reconciling the budgetary fund balances and generally accepted accounting principles fund balances at fiscal year-end, (2) ten year loss development information for the State Insurance Fund, (3) Ten Year Trend Information for Teachers' Retirement System, Judicial Retirement System, and Employees' Retirement System (4) related notes to trend schedules for Employees' Retirement System, (5) a schedule of funding progress for the Retired State Employees' Health Care Trust and related notes, and (6) information about infrastructure assets reported using the modified approach.

Other Supplementary Information
Other supplementary information includes combining financial statements for nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds, and nonmajor discretely presented component units. These funds are added together by fund type and presented in single columns in the basic financial statements.

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Government-wide Financial Analysis

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The State's combined net position for governmental and business-type activities is $21.6 billion in contrast to the prior year balance of $20.9 billion. The largest component of the State's net position reflects its investment in capital assets, such as land, buildings, equipment, and infrastructure (e.g., roads, bridges, tunnels), less any related outstanding debt used to acquire those assets, plus capital-related deferred outflows of resources, less capital-related deferred inflows of resources. The State uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Also, it should be noted that the resources needed to repay the capital-related debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Capital Assets increased $267 million, which included $260 million in increases in infrastructure and infrastructure construction in progress. Business-type capital assets increased $20 million, or 1 percent. The College System alone had $33 million more in capital assets at year-end resulting from building additions and construction in progress. Port Authority capital assets decreased by $13 million.

The total of Current and Other Assets is $10.7 billion, an increase of $274 million, or 3 percent. Included in that amount were cash and cash equivalents of $3.6 billion and $1.0 billion due from other governments. A little over half the amount due from other governments consists of loans to local school systems and most of the remaining amount is due from the federal government for amounts earned under federal programs. The balance also includes $4.4 billion in investments, $2.6 billion of which is held in the Alabama Trust Fund. Business-type Current and Other Assets increased $76 million, or 6 percent, primarily because the Unemployment Compensation Trust Fund cash grew by $73 million.

The total primary government net pension liability for 2016 and 2015 is $3.8 billion and $3.5 billion, respectively.

Of total liabilities, 82 percent are long-term liabilities. The State has $10.3 billion in long term liabilities, which includes $4.7 billion in bonds payable, $3.8 billion in net pension liability, and $1.2 billion in post-employment health care benefit liabilities. Total liabilities increased 1.6 percent, or $201 million. Bond debt decreased by $213 million while post-employment health care benefit liabilities rose $128 million and net pension liability increased $381 million.

Deferred Outflows of Resources is $585 million, an increase of $211 million. $493 million is pension related and $92 million is losses for bond refundings. Deferred Inflows of Resources is $85 million at the end of the current fiscal year, a decrease of $138 million. $81 million is pension related and $4 million is gains from bond refundings.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or legislative restrictions on how they may be used. Internally imposed designations of resources are not presented as restricted net position. The State's net position that is unrelated to capital assets includes $7.9 billion in restricted net position, an increase of $278 million from the prior year. Unrestricted net position represents the remaining amount of net position that may be used to meet the State's ongoing obligations that are not funded by resources that are restricted. The State has a deficit in unrestricted net position of $7.7 billion. Business-type activities had a deficit unrestricted net position of $87 million.

Net Position as of September 30
(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	$ 9,386,726	$ 9,188,196	$ 1,340,509	$ 1,264,746	$ 10,727,235	$ 10,452,942
Capital Assets	21,283,313	21,036,563	1,605,286	1,585,077	22,888,599	22,621,640
Total Assets	30,670,039	30,224,759	2,945,795	2,849,823	33,615,834	33,074,582
Deferred Outflows of Resources	497,760	325,268	87,106	48,794	584,866	374,062
Long-term Liabilities	9,064,317	8,821,738	1,235,983	1,189,517	10,300,300	10,011,255
Other Liabilities	1,946,557	2,040,665	248,393	242,155	2,194,950	2,282,820
Total Liabilities	11,010,874	10,862,403	1,484,376	1,431,672	12,495,250	12,294,075
Deferred Inflows of Resources	61,784	173,866	22,937	48,705	84,721	222,571
Net Position						
Net Investment in Capital Assets	20,391,473	20,283,652	998,891	980,317	21,390,364	21,263,969
Restricted	7,279,462	7,089,569	613,285	525,088	7,892,747	7,614,657
Unrestricted	(7,575,794)	(7,859,463)	(86,588)	(87,165)	(7,662,382)	(7,946,628)
Total Net Position	$ 20,095,141	$ 19,513,758	$ 1,525,588	$ 1,418,240	$ 21,620,729	$ 20,931,998

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Change in Net Position

The table on the following page was derived from the government-wide Statement of Activities. Revenue is categorized as either program revenue, which is generated by the program itself, or is received from another government, or general revenue. Program revenues include charges for services, operating grants and contributions, and capital grants and contributions. As a result of the excess of revenues over expenses, the State's net position increased by $689 million during the fiscal year. Taxes provided $8.7 billion, or 39 percent, of the State's total revenue. Tax revenues increased by $177 million, or 2 percent, compared to the previous year as the economy continued to improve. Individual income tax revenues increased by $118 million, a 4 percent growth. However, corporate income tax revenues decreased 34 percent primarily because of one-time revenues in 2015. This resulted in a decrease of $56 million, or 1 percent, for total income tax revenues. Sales and use taxes increased $174 million, or 7 percent. Some of this growth is attributable to the Simplified Seller Use Tax Remittance Act (Act 2015-448). Operating Grants and Contributions revenue increased $120 million, or 1 percent to $8.7 billion. Federal revenues increased $252 million for the Medicaid program; however, federal funding for the Alabama Community College System decreased $33 million. Capital Grants and Contributions decreased $68 million to $962 million. Charges for Services revenue increased $230 million, or 10 percent.

General revenues, which include taxes, were up to $10.2 billion, an increase of $487 million. Unrestricted investment earnings were $260 million, an increase of $238 million. In total, revenues and expenses had modest increases. Total revenues increased $770 million, or 4 percent, and total expenses were up $374 million, or 2 percent.

Governmental Activities

Total revenues for governmental activities for the fiscal year were $21.3 billion, an increase of $833 million or 4 percent. Charges for Services were up by $268 million. Operating Grants and Contributions increased $153 million, or 2 percent. Unrestricted Investment Earnings were up $238 million. Taxes increased $180 million, or 2 percent, on the strength of improved sales and use tax revenues, while Capital Grants and Contributions decreased $79 million, or 8 percent.

Expenses for governmental type activities totaled $20.4 billion, an increase of $401 million or 2 percent. Education and Cultural Resources spending increased $152 million, or 2.3 percent. Included in Education and Cultural Resources spending was an increase in the Local Financial Assistance program of $24 million. Expenditures for Health increased $150 million, or 2.2 percent, as the Hospital Care program increased by $42 million, the Pharmaceutical program increased $54 million, and the Children's Health Insurance Program (CHIP) decreased $10 million. Protection of Persons and Property increased $94 million or 8 percent. Transportation increased $280 million, or 19%.

Business-type Activities

The largest business-type activity is the Alabama Community College System, which accounts for 43 percent of business-type net position. The other major business-type activities are the Alabama Port Authority, the Alcoholic Beverage Control Board, and the Unemployment Compensation Trust. During the fiscal year the net position of business-type activities increased by $107 million. Revenues of business-type activities totaled $1.25 billion, a decrease of $63 million, or 5 percent. Most of this revenue was self-generated program revenues; only $15 million of the $1.25 billion revenues came from general revenues. The program revenues consisted of $996 million of charges for services, a decrease of $38 million, or 4 percent, and $223 million of operating grants and contributions, a decrease of $32 million, or 13 percent. The change in operating grants and contributions resulted from decreases in the Federal Unemployment Compensation (UC) Drawdown programs and decreases in federal grants for the Alabama Community College System. Of the $296 million in net transfers between governmental activities and business-type activities, most of the transfers are from the Education Trust Fund to the Alabama Community College System as mandated by the legislature in the appropriation acts.

Overall business-type expenses were $1.44 billion, down by $27 million, or 1.8 percent, primarily because the Alabama Community College System's expenses decreased $17 million, or 2.3 percent. Alabama Community College System expenses decreased because of decreases in operation and maintenance expense, student aid expense, and training for business and industry expense. Unemployment Compensation expenses decreased $15 million, or 7%, because of a decrease in the unemployment rate from 6.1 percent in September 2015 to 6 percent in September 2016 and some claimants exhausted their benefits. The cash balance in the Unemployment Compensation Trust Fund grew by $73 million partially because of this decrease in expenses for claims. Port Authority expenses were down $7 million, or 5 percent, due to a reduction in operating and maintenance of facilities related expenses because of a reduction of coal moving through the McDuffie Coal Terminal and via the Terminal Railway. Alcoholic Beverage Control Board expenses were up $15 million, or 5 percent. Nonmajor Proprietary Funds expenses were down $2 million, or 3 percent.

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Changes in Net Position
For the Fiscal Year Ended September 30
(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	$ 1,654,498	$ 1,386,488	$ 995,839	$1,033,803	$ 2,650,337	$ 2,420,291
Operating Grants and Contributions	8,521,695	8,369,079	223,448	255,766	8,745,143	8,624,845
Capital Grants and Contributions	941,948	1,021,107	20,462	9,037	962,410	1,030,144
General Revenues:						
Taxes	8,692,269	8,512,290	11,453	13,996	8,703,722	8,526,286
Grants and Contributions Not Restricted to Specific Programs	3,419	4,159	-	-	3,419	4,159
Unrestricted Investment Earnings	259,962	22,235	-	-	259,962	22,235
Miscellaneous	1,182,740	1,108,074	3,344	5,120	1,186,084	1,113,194
Total Revenues	21,256,531	20,423,432	1,254,546	1,317,722	22,511,077	21,741,154
Expenses:						
Economic Development and Regulation	83,953	148,267			83,953	148,267
Education and Cultural Resources	6,782,127	6,630,078			6,782,127	6,630,078
Natural Resources and Recreation	158,713	219,824			158,713	219,824
Health	6,969,940	6,820,152			6,969,940	6,820,152
Social Services	2,330,782	2,425,046			2,330,782	2,425,046
Protection of Persons and Property	1,302,498	1,208,686			1,302,498	1,208,686
Transportation	1,755,787	1,475,669			1,755,787	1,475,669
General Government	836,313	895,889			836,313	895,889
Debt Service - Interest and Other Charges	159,287	155,102			159,287	155,102
Unemployment Compensation			195,664	210,464	195,664	210,464
State Port Authority			133,920	141,087	133,920	141,087
Alabama Community College System			731,628	748,575	731,628	748,575
Alcoholic Beverage Control Board			312,783	298,212	312,783	298,212
Nonmajor Proprietary Funds			68,955	71,213	68,955	71,213
Total Expenses	20,379,400	19,978,713	1,442,950	1,469,551	21,822,350	21,448,264
Increase (Decrease) in Net Position Before Contributions and Transfers	877,131	444,719	(188,404)	(151,829)	688,727	292,890
Contributions to Permanent Funds and Endowments	-	-	4	4	4	4
Transfers	(295,748)	(292,199)	295,748	292,199	-	-
Change in Net Position	581,383	152,520	107,348	140,374	688,731	292,894
Net Position- Beginning	19,513,758	19,361,238	1,418,240	1,277,866	20,931,998	20,639,104
Net Position- Ending	$ 20,095,141	$19,513,758	$1,525,588	$1,418,240	$21,620,729	$20,931,998

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Governmental Activities

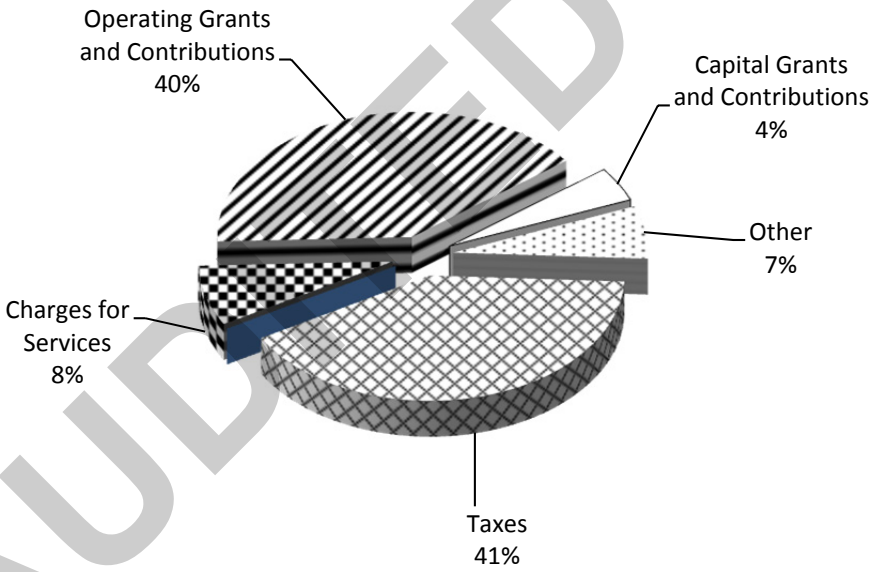
Operating grants and contributions along with taxes together accounted for 81 percent of governmental activities revenue. Taxes are the largest, making up 41 percent of total governmental revenues, while operating grants and contribution make up 40 percent.

Sixty-two percent of all operating grants and contributions are received for health purposes. In fact, 55 percent of all operating grants and contributions go to Medicaid programs. Operating grants and contributions for social services are 21 percent. Of that, 19 percent of all operating grants and contributions for social services go to the Department of Human Resources. Operating grants and contributions used by the Department of Education for educational purposes are 12 percent.

Income taxes are 44 percent of the total taxes recorded in governmental activities. Sales and use taxes comprise 31 percent of taxes in governmental activities. Income taxes brought in $3.8 billion and sales and use taxes $2.7 billion. Income taxes decreased $56 million, or 1 percent, while sales and use taxes increased $174 million, or 7 percent.

Capital grants and contributions are 4 percent of revenues. The Department of Transportation received 86 percent of all capital grants and contributions, primarily for road and bridge related projects. About 90 percent of operating grants and 83 percent of the capital grants were received from the Federal government.

Revenues - Governmental Activities
Fiscal Year Ended September 30, 2016



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Expenses for governmental activities are grouped by functional area. The two largest functional areas were Education and Cultural Resources and Health. These two areas together accounted for 67 percent of the governmental activities expenses for the fiscal year. Social Services accounted for 11 percent of the governmental activities expenses.

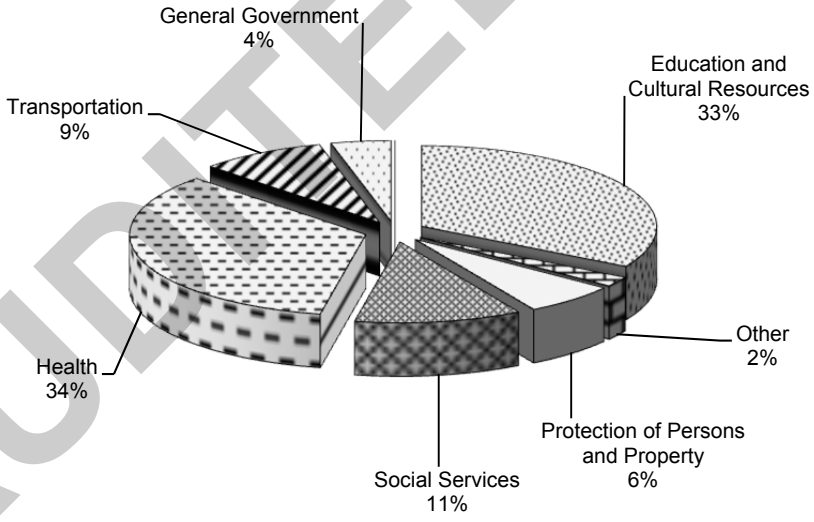
Education and Cultural Resources makes up 33 percent of governmental activity expenses, unchanged from the previous year. Health remains at 34 percent, Transportation increased from 7 percent to 9 percent and Social Services decreased from 12 percent to 11 percent. Within Education and Cultural Resources, 73 percent of expenditures were for the Local Financial Assistance program for K-12 school systems and 16 percent was for the Support of State Universities program. Local Financial Assistance increased $107 million, or 2 percent, and Support for State Universities increased $15 million, or 2 percent.

Health accounted for 34 percent of governmental activity spending, same as the last year. Medicaid programs account for 79 percent of Health spending, while the Department of Public Health was 9 percent and the Department of Mental Health was 11 percent.

Within Social Services, spending on the Food Assistance program makes up 59 percent of all social services spending while 25 percent is spent on various children's programs. Spending on Food Assistance was down $39 million, or 3 percent.

Protection of Persons and Property continues to comprise 6 percent of total spending. The Department of Corrections makes up 35 percent of Protection of Persons and Property spending, while the Alabama Law Enforcement Agency comprises 14 percent and the 911 Board 8 percent.

Expenses - Governmental Activities
Fiscal Year Ended September 30, 2016



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Financial Analysis of the State's Funds

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unassigned General Fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the governmental funds reported combined ending fund balances of $6.6 billion. Nonspendable fund balance was $123 million and assigned fund balance was $455 million. Spending restricted for specific purposes comprised $6.3 billion. Those restrictions have been imposed by external parties, constitutional provisions, or enabling legislation. The largest restricted amount of $2.7 billion is for Alabama Trust Capital. The Alabama Trust Fund originally was a permanent fund, but is now a special revenue fund because of Amendment 666 and Amendment 856 to the *Constitution of Alabama of 1901* which allow limited spending of principal. An additional $3.6 billion of governmental fund balance has been restricted for a wide variety of purposes which includes $634 million restricted for various capital projects and debt service.

The General Fund is the primary operating fund of the State. At the end of the current fiscal year, unassigned fund balance of the General Fund was $172 million, $4 million nonspendable fund balance, and $16 million assigned fund balance. Revenues for the General Fund were up $224 million, or 15 percent, as taxes increased $144 million. The largest increase in tax revenues to the General Fund was $106 million in general use tax and $64 million in cigarette tax.

Expenditures for the General Fund increased $17 million, or 1 percent. Health expenditures increased $21 million, or 3 percent. 96 percent of the General Fund health expenditures were in the Medicaid Agency. Pharmaceutical program increased $16 million while Nursing Home Care rose $5 million. Spending on General Government in the General Fund decreased $15 million. Judicial Operations remained the same while Legislative Operations decreased $1 million. Protection of Persons and Property expenditures increased $15 million. The largest spending for Protection of Persons and Property in the General Fund was $412 million for the Department of Corrections, an increase of $14 million from the previous year. Due to Other Funds balance of $179 million includes $162 million for a loan owed to the Alabama Trust Fund. The money was borrowed in fiscal year 2010 to alleviate revenue shortages in accordance with Amendment 803 to the *Constitution of Alabama of 1901*.

The Education Trust Fund (ETF) is the largest operating fund of the State. Revenues credited to the ETF are used for the support, maintenance and development of public education in Alabama, debt service and capital improvements relating to educational facilities, and other functions related to educating the state's citizens. Programs and agencies supported by the ETF include K-12 education, public library services, performing and fine arts, various scholarship programs, the state's education regulatory departments, and two-year and four-year colleges and universities. Funding from the ETF is also provided to non-state agencies that provide educational services to the people of Alabama, including the arts, disease counseling and education, and youth development. Ten tax sources are allocated to the ETF, the largest of which are the individual and corporate income tax, sales tax, utility tax, and use tax. Tax revenues in the ETF for the fiscal year were down $34 million, or 0.6 percent as compared to the previous fiscal year. Sales and use tax revenues increased by $47 million and income tax revenues were down by $57 million while mobile telecommunications tax decreased $2 million. Expenditures, as limited by the budget, were up 1 percent, or $70 million. A large portion of the increase, $24 million, was in the Local Financial Assistance program. The ETF transferred out $637 million, with the largest of these transfers going to supplement operations of the Alabama Community College System, a major Proprietary fund. The Alabama Community College System received $335 million in transfers as mandated by the legislature in the appropriations acts. Due to Other Funds in the ETF is $12 million, up from $8 million. The ETF fund balance increased $21 million to a balance of $487 million, as taxes receivables increased $33 million. The fund balance, while legally restricted to a variety of educational purposes, is all available for those purposes in the next fiscal year.

The Alabama Trust Fund consists of income from the sale or lease of rights for offshore exploration and drilling for oil and gas off the Alabama coast, as well as investment income earned on the accumulated capital. Revenues from royalties and other payments related to the production of oil and gas decreased by $18 million during the fiscal year. Investment earnings increased from $11 million to $254 million during the fiscal year. Various amendments to the *Constitution of Alabama of 1901* require that Alabama Trust income be used to support the General Fund, Forever Wild Land Trust, and a variety of state and local capital projects and debt service. In compliance with constitutional requirements, $171 million was transferred out to support these other funds. $103 million was transferred to the General Fund. During the fiscal year, the amount constitutionally restricted for Trust Capital increased by $106 million, an increase of more than 4 percent. The $162 million in Due From Other Funds is a loan owed by the General Fund. The money was borrowed in fiscal year 2010 in accordance with Amendment 803 to the *Constitution of Alabama of 1901*.

The Medicaid Fund accounts for the portion of the Medicaid program that is funded 89 percent by Federal revenues. Federal revenues increased 4 percent, or $180 million. Expenditures increased 3 percent or $108 million. Pharmaceutical Care program expenditures increased $54 million, Hospital Care increased $42 million, Alternative Care $14 million, and the Children's Health Insurance Plan (CHIP) decreased $10 million. The net change in fund balance for Medicaid was a $33 million increase, bringing the total fund balance to a deficit of $52 million.

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The Public Road and Bridge Fund is the general operating fund of the Department of Transportation (DOT). The Fund receives all state revenues for that department, including all federal aid reimbursements. Amendment No. 93 (as amended by Amendment No. 354) to the *Constitution of Alabama of 1901* provides that monies derived from any fee, excise or license taxes levied by the State on motor fuels shall be expended for the cost of construction, reconstruction, maintenance and repair of public highways and bridges; the cost of highway rights-of-way; the payment of highway obligations; the cost of traffic regulations; and the expense of enforcing state traffic and motor vehicle laws. Revenues from federal grants were 52 percent of fund revenues while gasoline and motor fuel taxes were 23 percent. Federal revenues decreased $7 million, or 1 percent. Expenditures increased $199 million or 13 percent. The cash balance decreased from $475 million to $464 million. Of the $475 million fund balance, $26 million is in inventory of materials on hand and $449 million is restricted to cover existing construction and maintenance contracts.

The Public Welfare Trust Fund is used to account for a broad range of social, protective, and financial assistance programs for citizens. This is the major operating fund of the Department of Human Resources. Revenues from federal funds comprise 88 percent, and is supplemented by whiskey tax and a portion of the Alabama Alcoholic Beverage Control Board profits, sales tax, franchise tax, and beer tax. Overall spending decreased $73 million, or 4 percent. The Food Assistance program accounts for 70 percent of total expenditures. The fund balance at year end is $43 million, a decrease of $30 million. The small fund balance is normal for this fund, since the Federal Cash Management Improvement Act does not allow the State to draw money and hold it for more than a few days. The fund balance, while legally restricted to a variety of social service programs, is all available for those programs in the next fiscal year.

The Medicaid Fund had a negative fund balance at September 30. This is not typical for the State's major governmental funds because the fiscally conservative nature of the State's controls generally results in positive fund balances. Constitutional Amendment 26 requires the State to have on hand at year end in each budgeted fund enough cash to cover all outstanding warrants and any remaining unspent obligations (encumbrances and accounts payable). Medicaid often has a negative fund balance because GAAP requires the accrual of claims payable and the related federal receivable, but not the State matching amounts which will be recorded as revenues when received in the next fiscal year. The Public Road and Bridge Fund retains enough cash to cover its outstanding construction contracts and commitments, so that fund historically has a large fund balance.

Proprietary Funds

The State's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. During the fiscal year, total net position for all enterprise funds increased by $107 million.

The Unemployment Compensation Trust Fund has again improved its financial condition. The net position increased in 2016 by $75 million, and in 2015 net position increased by $107 million. The minimum employer rate decreased from 0.00095 to 0.00065 and the maximum employer rate decreased from 0.0071 to 0.0068 for the employer shared cost. Revenues decreased in 2016 as compared to 2015 due to a decrease in the amount of Unemployment Compensation (UC) taxes received, as well as a decrease in Federal UC Drawdown programs. There was a $49 million decrease in the amount of UC taxes received in 2016 compared to 2015, and 2016 Federal UC Drawdowns were $2 million, compared to the 2015 Federal UC Drawdowns of $3 million. Benefits paid dropped $15 million, a decrease of 7 percent. The trust fund cash grew from $457 million to $530 million; net position now stands at $503 million.

The net position of the State Port Authority is $325 million, a decrease of $5 million. Operating revenues were $120 million, a decrease of $25 million, or 17 percent under the prior year, resulting largely from the weak global demand for metallurgical coal. As a result of the lack of demand, the Authority idled the Bulk Handling and Warehouse division's operating assets, utilizing its piers primarily for lay berth customers. Revenue at the Authority's McDuffie Coal Terminal decreased by $22.1 million, or 31 percent. General Cargo/Intermodal revenues increased by $0.5 million, or 1 percent, driven by special services provided to shippers, along with additional storage revenues. The Real Estate Division demonstrated strength in cement, pig iron, and associated services with an increase in revenues of nearly $1.0 million. All other areas remained near fiscal 2015 levels.

The Alabama Community College System's net position increased $28 million in 2016, primarily because of an increase in transfers from the Education Trust Fund (ETF). Additionally, there was a year over year increase in tuition and fees of $5 million. Student enrollment decreased slightly year over year by 2.6 percent; however, the average tuition and fees revenue per student increased by 4.9 percent, driven by a $2 per credit hour tuition increase in 2016. The College System has $33 million more in capital assets at year-end resulting from building additions and construction in progress. The College System has an operating loss of $546 million. However, federal grants of $218 million and transfers from the ETF and other governmental funds of $351 million lessened the impact of the operating loss. Transfers from other funds including the ETF legislature appropriated transfers were $19 million more than the prior year.

The net position of the Alcoholic Beverage Control Board decreased by $10 million in fiscal year 2016, increasing the deficit in net position to $82 million. The Board is required by law to distribute all of its profits and cannot own real property; therefore, net position generally will remain negative. Non-current liabilities, such as compensated absences of $5 million, other post-employment

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benefits of $31 million, net pension liability of $55 million, and some of the current liabilities are not deducted from the distribution amount. The deficit increase of $10 million in 2016 is due to a year over year $17 million increase of transfers out.

Budgetary Highlights

General Fund

The original budget for the General Fund was increased by a net of $98 million during fiscal year 2016. Expenditures were increased by $76 million and Transfers Out increased by $22 million. These budgetary changes are reflected in the final budget on the Budgetary Comparison Schedule. The General Fund was not prorated during fiscal year 2016. Budgeted revenues were increased by $86 million and actual tax revenues were $5 million more than the final budget because of the improved economy.

There were significant budgetary variances between the final budget and actual results. Unexpended and reverted appropriations from fiscal year 2016 were re-appropriated to fiscal year 2017; therefore, many agencies did not spend all of their appropriations during fiscal year 2016. The Medicaid Agency and the Legislature have $56 million and $7 million, respectively to carryover to fiscal year 2017. The Department of Corrections and the Department of Finance have carryovers of approximately $2 million each. These appropriations will be needed in the future primarily because expenditures are expected to increase.

There were no supplemental appropriations. Conditional and other appropriations were approximately $97 million to various agencies. The Office of the Attorney General received a conditional appropriation of $2 million for legal operations and services. $19 million of conditional appropriations were transferred to the Fair Trial Tax Fund for indigent defense. The Medicaid Agency received a conditional appropriation of $70 million for hospital care. Conditional amounts are not included in the budget until the conditions have been met. Some expenditures are required by law to be fully funded, and estimated amounts are approved in the General Fund appropriation bill. Increases to these estimated amounts do not require a new bill and are included as other appropriations. Emergency appropriations of $13 million are included in the original budget and are included in the budgeted amounts as Other on the Budgetary Comparison Schedule. Emergency appropriations cannot exceed two percent of the total amount appropriated. On a budgetary basis, General Fund revenues and other sources exceeded expenditures and other uses by $117 million. However, on a GAAP (Generally Accepted Accounting Principles) basis, General Fund revenues and other sources exceeded expenditures and other uses by $61 million. The Budgetary Comparison Schedule in Required Supplementary Information reconciles these amounts and lists the accounting basis differences.

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Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2016 the State had invested $22.9 billion, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation charges for the fiscal year totaled $165.8 million.

Capital Assets as of September 30

(Amounts in Thousands)	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Capital Assets Not Being Depreciated:						
Land	$ 348,854	$ 344,550	$ 112,527	$ 112,260	$ 461,381	$ 456,810
Historical Exhibits	4,158	4,158	2,350	2,350	6,508	6,508
Construction In Progress	134,891	156,920	118,014	107,395	252,905	264,315
Intangible Assets Under Development	55,657	38,950	-	-	55,657	38,950
Construction In Progress - Infrastructure	3,610,772	4,222,656	-	-	3,610,772	4,222,656
Infrastructure	15,796,402	14,924,297	-	-	15,796,402	14,924,297
Inexhaustible Intangible Assets	-	-	10	10	10	10
Total Capital Assets Not Being Depreciated	**19,950,734**	**19,691,531**	**232,901**	**222,015**	**20,183,635**	**19,913,546**
Capital Assets Being Depreciated:						
Buildings	1,766,362	1,725,691	1,867,294	1,806,121	3,633,656	3,531,812
Equipment	661,785	663,261	624,236	615,397	1,286,021	1,278,658
Software and Other Intangible Assets	42,003	39,671	19,688	19,590	61,691	59,261
Total Capital Assets Being Depreciated	2,470,150	2,428,623	2,511,218	2,441,108	4,981,368	4,869,731
Less Accumulated Depreciation	1,137,571	1,083,592	1,138,833	1,078,046	2,276,404	2,161,638
Total Capital Assets Being Depreciated, Net	**1,332,579**	**1,345,031**	**1,372,385**	**1,363,062**	**2,704,964**	**2,708,093**
Capital Assets, Net	**$ 21,283,313**	**$ 21,036,562**	**$ 1,605,286**	**$ 1,585,077**	**$ 22,888,599**	**$ 22,621,639**

As allowed by GASB Statement No. 34, the State has adopted the modified approach for reporting roadway and bridge infrastructure assets. Under the modified approach, depreciation is not recorded. Infrastructure costs that result in an increase in the capacity or an improvement in the efficiency of the infrastructure network are capitalized and added to the historical cost of the assets. Costs that allow the infrastructure network to be used efficiently over the expected useful life of the assets are expensed as general maintenance costs. Certain maintenance costs that extend the useful life of the assets but do not increase capacity or efficiency are classified as preservation costs. Preservation costs are expensed and reported in lieu of a charge for depreciation expense.

Extensive project documentation is required to meet various federal and state guidelines concerning the construction of infrastructure. The completeness of this documentation affects the timing of project capitalization. The State capitalizes infrastructure when all costs for a project are incurred and all project documentation is satisfactorily completed, filed, and accepted with the appropriate entities. Projects that meet the cost and documentation criteria are closed, and appropriate entries are made to adjust the Infrastructure Construction in Progress and Infrastructure asset accounts annually. Due to the documentation requirements, there can be substantial time lags between the date a project is put into service on the State's roadway network and the date the project is capitalized. A significant portion of Infrastructure Construction in Progress consists of projects that have been put into service and maintenance costs could have been incurred.

The State uses the International Roughness Index (IRI) to measure and monitor pavement conditions. The IRI is a standard representing the perceived smoothness of pavements while traveling in passenger cars. A lower IRI measurement represents a smoother condition of pavement. The United States Department of Transportation developed suggested values for IRI of <60 inches/mile to >220 inches/mile to grade the smoothness condition of the roadway. A range of 60 to 94 is considered "Good" condition, with negligible maintenance required, and a range of 95-119 for Interstate Highways or 95-170 for non-interstate highways is considered "Fair", requiring routine maintenance such as pavement patching. The weighted average rating of Alabama's roads was 78.82, which exceeds the State's goal.

The State maintains 5,431 bridges and culverts. The State rates the major structural components and deck area of the bridge or culvert on a scale of one to ten and assigns a weighted rating to the bridge or culvert. The State expects those bridges and culverts to be maintained at a rating within the range of 5 - 6.99, which is considered "satisfactory," meaning the structural elements are sound but

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have minor deterioration. The actual weighted average rating for the most recent condition assessment was 6.53, in the upper end of the satisfactory range.

For fiscal years 2016 and 2015, the State estimated it would need to spend $323,600,000 and $309,200,000, respectively, to preserve and maintain all roadway assets and $10 million in each year to preserve all bridge assets at or above the "Established Condition Levels" presented above. In fiscal year 2016, the State spent $324,726,000 for roadway preservation and $163,389,000 for bridge preservation. The State spent $424,506,000 for roadway preservation and $116,600,000 for bridge preservation in fiscal year 2015. In the next fiscal year, the Alabama Department of Transportation estimates that it will need to spend approximately $361,768,000 to preserve all roadway assets and approximately $10,000,000 to preserve all bridge assets at or above the "Established Condition Levels" presented above.

More detailed information about the State's capital assets is presented in Note 3 to the financial statements and in the Required Supplementary Information section.

Long-term Debt

The only method under which general obligation debt can be incurred by the State is by amendment to the *Constitution of Alabama of 1901*. The debt prohibition does not apply to debts incurred by separate public corporations functioning as State instrumentalities. The revenue bonds issued by these corporations are limited obligations of the corporation, not general obligations of the State, and the full faith and credit of the State is not pledged for their repayment. Certain revenues, usually earmarked taxes or revenues generated from the project financed are pledged for the payment of the debt. These corporations are blended with the primary government. The State and its component units issue serial and term bonds. Alabama has traditionally received high bond ratings from both Standard and Poor's Corporation and Moody's Investors Service.

Outstanding Bonded Debt as of September 30

(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	$ 722,383	$ 631,497	$ -	$ -	$ 722,383	$ 631,497
Revenue Bonds	3,667,728	3,942,889	606,148	634,547	4,273,876	4,577,436
Total	$ 4,390,111	$ 4,574,386	$ 606,148	$ 634,547	$ 4,996,259	$ 5,208,933

The State issued $125,195,000 in new general obligation bonds. Additionally, the State issued $51,580,000 in new revenue bonds, which includes $22,335,000 of Alabama Public Health Care Authority bonds and $29,245,000 in Alabama Public School and College Authority bonds. The Alabama Public Health Care Authority bonds were issued for the purpose of financing new facilities and to advance refund the outstanding Alabama Public Health Care Authority 2005 bonds. Additional detailed information regarding the State's long-term debt is presented in Note 4 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The General Fund budget was increased from fiscal year 2016 to 2017. The Department of Corrections and Pardons and Paroles received increases of $14 million and $17 million, respectively. The General Fund Rainy Day account was fully repaid in fiscal year 2017.

The total ETF budget for fiscal year 2017 is $6.4 billion. The Rolling Reserve Act (Act 2011-3) cap on the fiscal year 2017 appropriations is $6.4 billion. The ETF Budget Stabilization Fund and the ETF Advancement and Technology Fund will receive revenues in excess of the cap because the ETF Rainy Day Account has been paid back in full. The K-12 Local Boards of Education received an appropriation increase of $192 million for fiscal year 2017 over fiscal year 2016 from the Education Trust Fund. The four-year Universities received an increase of $34 million.

Total tax collections are up approximately 4 percent for fiscal year 2017 as compared to fiscal year 2016. The State's seasonally adjusted unemployment rate, at 4.6 percent in June 2017, was down from May 2017's rate of 4.9 percent, and below June 2016's rate of 5.8 percent. The number of employed workers increased from June 2016 to June 2017 from 2,040,000 to 2,077,000.

Requests for Information

This financial report is designed to provide a general overview of the State of Alabama's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial

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STATE OF ALABAMA

STATEMENT OF NET POSITION

September 30, 2016

(Amounts in Thousands)

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
ASSETS				
Cash and Cash Equivalents	$ 2,683,976	$ 930,947	$ 3,614,923	$ 1,106,565
Investments	4,169,756	256,998	4,426,754	7,495,108
Internal Balances	17,689	(17,689)	-	-
Due From Primary Government	-	-	-	6,205
Due From Component Units	45,673	10	45,683	-
Investment Sales Receivable	31,981	-	31,981	-
Accounts Receivable	108,101	93,157	201,258	750,283
Taxes Receivable	1,003,550	-	1,003,550	-
Due From Other Governments	1,032,388	2,091	1,034,479	592,517
Mortgages, Notes, and Loans Receivable	60	-	60	885,483
Securities Lending Collateral	254,207	-	254,207	6,472
Inventory	36,957	49,824	86,781	38,768
Restricted Assets	2,202	-	2,202	20,893
Other Assets	186	25,171	25,357	323,073
Capital Assets, Net of Accumulated Depreciation	1,332,579	1,372,385	2,704,964	6,769,451
Capital Assets Not Depreciated	19,950,734	232,901	20,183,635	698,069
TOTAL ASSETS	**30,670,039**	**2,945,795**	**33,615,834**	**18,692,887**
DEFERRED OUTFLOWS OF RESOURCES	**497,760**	**87,106**	**584,866**	**674,991**
LIABILITIES				
Warrants Payable	19,834	167	20,001	67
Investment Purchases Payable	65,472	-	65,472	-
Due To Primary Government	-	-	-	45,683
Due To Component Units	6,205	-	6,205	-
Accounts Payable	964,442	125,636	1,090,078	731,934
Due To Other Governments	233,007	1,648	234,655	190,028
Securities Lending Obligation	254,207	-	254,207	6,472
Unearned Revenue	6,223	71,774	77,997	903,621
Amounts Held in Custody for Others	54,359	6,863	61,222	538,393
Noncurrent Liabilities:				
Due Within One Year	342,808	42,305	385,113	428,632
Due In More Than One Year	9,064,317	1,235,983	10,300,300	7,747,772
TOTAL LIABILITIES	**11,010,874**	**1,484,376**	**12,495,250**	**10,592,602**
DEFERRED INFLOWS OF RESOURCES	**61,784**	**22,937**	**84,721**	**100,195**
NET POSITION				
Net Investment in Capital Assets	20,391,473	998,891	21,390,364	3,762,667
Restricted for:				
Permanent - Expendable	-	5,603	5,603	997,052
Permanent - Non-expendable	91,488	7,447	98,935	1,638,319
Unemployment Compensation	-	502,627	502,627	-
Alabama Trust Capital	2,703,142	-	2,703,142	-
Economic Development and Regulation	232,221	-	232,221	-
Education	1,407,438	2,034	1,409,472	2,441
Natural Resources and Recreation	124,279	-	124,279	-
Health	296,108	1,051	297,159	-
Social Services	259,586	-	259,586	-
Protection of Persons and Property	216,300	-	216,300	-
Transportation	466,124	-	466,124	-
General Government	848,651	-	848,651	-
Debt Service	156,111	82,957	239,068	629,091
Capital Projects	478,014	11,566	489,580	21,439
Other Purposes	-	-	-	185,186
Unrestricted	(7,575,794)	(86,588)	(7,662,382)	1,438,886
TOTAL NET POSITION	**$ 20,095,141**	**$ 1,525,588**	**$ 21,620,729**	**$ 8,675,081**

The Notes to the Financial Statements are an integral part of this statement.

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STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2016

(Amounts in Thousands)

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES: Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Economic Development and Regulation	$ 83,953	$ 114,363	$ 34,782	$ 10,430
Education and Cultural Resources	6,782,127	48,786	970,889	8,841
Natural Resources and Recreation	158,713	70,280	65,643	1,889
Health	6,969,940	428,927	5,245,336	567
Social Services	2,330,782	65,509	1,787,124	13,319
Protection of Persons and Property	1,302,498	279,372	177,236	35,134
Transportation	1,755,787	373,822	51,648	854,578
General Government	836,313	273,439	189,037	17,190
Debt Service - Interest and Other Charges	159,287	-	-	-
Total Governmental Activities	20,379,400	1,654,498	8,521,695	941,948
Business-type Activities				
Unemployment Compensation	195,664	278,534	1,725	-
State Port Authority	133,920	120,079	558	7,894
Alabama Community College System	731,628	173,813	218,419	12,568
Alcoholic Beverage Control Board	312,783	327,189	1,060	-
Nonmajor Proprietary Funds	68,955	96,224	1,686	-
Total Business-type Activities	1,442,950	995,839	223,448	20,462
Total Primary Government	**21,822,350**	**2,650,337**	**8,745,143**	**962,410**
Component Units:				
University of Alabama	4,513,521	3,469,368	750,387	21,913
Auburn University	1,071,169	666,744	319,020	22,791
University of South Alabama	779,378	593,684	38,234	3,053
Housing Finance Authority	57,341	32,275	18,944	-
Public Education Employees Health Insurance	900,785	875,242	-	-
Nonmajor Component Units	1,432,118	843,048	276,535	6,508
Total Component Units	**8,754,312**	**6,480,361**	**1,403,120**	**54,265**

General Revenues:

Taxes:

Sales and Use Taxes

Income Taxes

Motor Fuels Taxes

Utility Taxes

Insurance Premium Taxes

Property Tax

Liquor Taxes

Tobacco and Cigarette Taxes

Payments from State of Alabama

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Contributions to Permanent Funds and Endowments

Transfers

Total General Revenues, Contributions and Transfers

Change in Net Position

Net Position, October 1, 2015, as Restated

Net Position, September 30, 2016

The Notes to the Financial Statements are an integral part of this statement.

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Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total Primary Government	Component Units
$ 75,622	$ 0	$ 75,622	$ 0
(5,753,611)	-	(5,753,611)	-
(20,901)	-	(20,901)	-
(1,295,110)	-	(1,295,110)	-
(464,830)	-	(464,830)	-
(810,756)	-	(810,756)	-
(475,739)	-	(475,739)	-
(356,647)	-	(356,647)	-
(159,287)	-	(159,287)	-
(9,261,259)	0	(9,261,259)	0
-	84,595	84,595	-
-	(5,389)	(5,389)	-
-	(326,828)	(326,828)	-
-	15,466	15,466	-
-	28,955	28,955	-
0	(203,201)	(203,201)	0
(9,261,259)	**(203,201)**	**(9,464,460)**	**0**
-	-	-	(271,853)
-	-	-	(62,614)
-	-	-	(144,407)
-	-	-	(6,122)
-	-	-	(25,543)
-	-	-	(306,027)
0	**0**	**0**	**(816,566)**
2,663,197	-	2,663,197	-
3,803,755	-	3,803,755	-
581,415	-	581,415	-
595,498	-	595,498	-
320,046	-	320,046	-
353,137	-	353,137	-
181,229	11,453	192,682	-
193,992	-	193,992	-
-	-	-	1,036,870
3,419	-	3,419	159
259,962	-	259,962	350,582
1,182,740	3,344	1,186,084	47,003
-	4	4	45,134
(295,748)	295,748	-	-
9,842,642	**310,549**	**10,153,191**	**1,479,748**
581,383	**107,348**	**688,731**	**663,182**
19,513,758	1,418,240	20,931,998	8,011,899
$ 20,095,141	**$ 1,525,588**	**$ 21,620,729**	**$ 8,675,081**

UNAUDITED DRAFT

STATE OF ALABAMA

BALANCE SHEET
Governmental Funds

September 30, 2016
(Amounts in Thousands)

	General Fund	Education Trust Fund	Alabama Trust	Medicaid Fund	Public Road and Bridge Fund
ASSETS					
Cash and Cash Equivalents	$ 254,935	$ 235,312	$ 12,393	$ 43,404	$ 463,648
Investments	-	-	2,583,794	-	62,350
Due From Other Funds	15,656	842	161,566	17,870	395
Due From Component Units	-	-	-	-	5
Investment Sales Receivable	-	-	31,325	-	-
Accounts Receivable	2,294	44	6,979	1,746	8,008
Taxes Receivable	265,106	327,822	-	-	28,660
Due From Other Governments	-	66	-	241,479	107,773
Mortgages, Notes, and Loans Receivable	-	-	-	-	-
Securities Lending Collateral	12	11	249,780	2	20
Inventory	3,642	-	-	-	26,278
Restricted Assets	-	-	-	-	-
Other Assets	-	-	-	-	-
TOTAL ASSETS	**$ 541,645**	**$ 564,097**	**$ 3,045,837**	**$ 304,501**	**$ 697,137**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Warrants Payable	$ 1,338	$ 3,249	$ 0	$ 171	$ 2,126
Investment Purchases Payable	-	-	60,538	-	-
Due To Other Funds	178,520	12,260	-	59,326	4,970
Due To Component Units	153	209	-	-	6
Accounts Payable	46,198	52,659	31	296,559	205,558
Due To Other Governments	6,330	8,806	-	74	1,777
Securities Lending Obligation	12	11	249,780	2	20
Unearned Revenue	-	-	-	-	-
Amounts Held in Custody for Others	345	4	-	-	6,538
Compensated Absences	359	134	-	1	110
Notes and Mortgages Payable	-	-	-	-	-
Capital Lease Obligations	-	3	-	-	556
Total Liabilities	**233,255**	**77,335**	**310,349**	**356,133**	**221,661**
Deferred Inflows Of Resources	**117,431**	**0**	**2,164**	**0**	**238**
Fund Balances					
Nonspendable:					
Inventory	3,642	-	-	-	26,278
Permanent Fund Principal	-	-	-	-	-
Restricted for:					
Economic Development and Regulation	-	-	30,182	-	-
Education and Cultural Resources	-	486,762	-	-	-
Natural Resources and Recreation	-	-	-	-	-
Health	-	-	-	-	-
Social Services	-	-	-	-	-
Protection of Persons and Property	-	-	-	-	-
Transportation	-	-	-	-	448,960
General Government	-	-	-	-	-
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Alabama Trust Capital	-	-	2,703,142	-	-
Assigned for:					
Economic Development and Regulation	153	-	-	-	-
Education and Cultural Resources	404	-	-	-	-
Social Services	107	-	-	-	-
Protection of Persons and Property	13,694	-	-	-	-
Transportation	-	-	-	-	-
General Government	1,392	-	-	-	-
Unassigned	171,567	-	-	(51,632)	-
Total Fund Balances	**190,959**	**486,762**	**2,733,324**	**(51,632)**	**475,238**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 541,645**	**$ 564,097**	**$ 3,045,837**	**$ 304,501**	**$ 697,137**

The Notes to the Financial Statements are an integral part of this statement.

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Public Welfare Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 72,704	$ 1,531,743	$ 2,614,139
-	1,426,533	4,072,677
12,629	107,683	316,641
-	45,539	45,544
-	656	31,981
12	87,940	107,023
52,889	329,073	1,003,550
-	163,124	512,442
-	60	60
3	4,379	254,207
-	1,856	31,776
-	2,202	2,202
-	150	150
$ 138,237	**$ 3,700,938**	**$ 8,992,392**
$ 584	$ 12,208	$ 19,676
-	4,934	65,472
8,363	53,418	316,857
-	773	1,141
39,577	273,619	914,201
3,584	212,355	232,926
3	4,379	254,207
-	6,223	6,223
4,074	43,397	54,358
207	617	1,428
-	1,179	1,179
-	56	615
56,392	**613,158**	**1,868,283**
39,067	**346,336**	**505,236**
-	1,856	31,776
-	91,488	91,488
-	161,918	192,100
-	274,634	761,396
-	94,098	94,098
-	199,935	199,935
42,778	177,742	220,520
-	216,300	216,300
-	17,164	466,124
-	848,646	848,646
-	477,830	477,830
-	156,430	156,430
-	-	2,703,142
-	3,979	4,132
-	1,926	2,330
-	967	1,074
-	58,937	72,631
-	359,403	359,403
-	14,298	15,690
-	(416,107)	(296,172)
42,778	**2,741,444**	**6,618,873**
$ 138,237	**$ 3,700,938**	**$ 8,992,392**

UNAUDITED DRAFT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

September 30, 2016

(Amounts in Thousands)

Total Fund Balances for Governmental Funds		**$6,618,873**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	348,310	
Historical Exhibits	4,157	
Construction in progress	130,868	
Construction in progress - Infrastructure	3,610,772	
Infrastructure	15,796,402	
Buildings	1,588,087	
Equipment	619,767	
Intangibles	42,004	
Intangible Assets Under Development	55,658	
Accumulated Depreciation - Buildings	(636,614)	
Accumulated Depreciation - Equipment	(355,995)	
Amortization - Intangibles	(11,531)	
		21,191,885
Some of the State's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.		505,236
Internal service funds are used by management to charge the costs of certain activities, such as insurance and information technology, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.		124,771
Long-term loans reported in due from other governments are not collectible in the current period and, therefore, are not reported in the funds.		519,946
Deferred Outflows of Resources and Deferred Inflows of Resources associated with pension related costs and refunding of debt are long-term in nature and, therefore are not reported in the governmental funds.		
Deferred Outflows - pension related	406,435	
Deferred Inflows - pension related	(60,216)	
Deferred Outflows - losses on refunding of debt	84,270	
Deferred Inflows - gains on refunding of debt	(703)	
		429,786
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital Leases, Notes, and Mortgages	(186,735)	
Compensated Absences	(271,378)	
Claims, Judgments, and Other	(17,426)	
Due to Component Units	(5,035)	
Net Pension Liability	(3,224,639)	
Other Post-Employment Benefits	(1,182,138)	
		(4,887,351)
Long-term bonded debt is not due and payable in the current period and, therefore, is not reported in the funds. Unamortized discounts, unamortized premiums, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Position. This is the total effect of these balances on the statement.		
General Obligation Bonds Payable	(656,385)	
Revenue Bonds Payable	(3,352,767)	
Unamortized Premiums	(362,407)	
Unamortized Discounts	0	
Accrued Interest Payable	(36,446)	
		(4,408,005)
Net Position of Governmental Activities		**$20,095,141**

The Notes to the Financial Statements are an integral part of this statement.

UNAUDITED DRAFT

UNAUDITED DRAFT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	General Fund	Education Trust Fund	Alabama Trust	Medicaid Fund	Public Road and Bridge Fund
REVENUES					
Taxes	$ 1,419,023	$ 6,149,512	$ 0	$ 0	$ 372,166
Licenses, Permits, and Fees	159,976	132	-	43	144,523
Fines, Forfeits, and Court Settlements	84,726	-	-	3,877	-
Investment Income	9,409	-	254,306	17	528
Federal Grants and Reimbursements	8,538	1,667	-	4,348,614	845,851
Other Revenues	2,557	401	35,527	558,082	253,631
Total Revenues	**1,684,229**	**6,151,712**	**289,833**	**4,910,633**	**1,616,699**
EXPENDITURES					
Current:					
Economic Development and Regulation	6,017	784	-	-	-
Education and Cultural Resources	2,806	5,381,740	-	-	-
Natural Resources and Recreation	5,904	1,188	452	-	-
Health	751,660	14,845	-	4,364,094	-
Social Services	12,361	31,141	-	-	-
Protection of Persons and Property	512,069	43,610	-	-	-
Transportation	-	-	-	-	1,716,966
General Government	185,354	20,050	12,596	-	-
Capital Outlay	-	-	-	-	-
Debt Service - Principal Retirement	55	39	-	-	1,772
Debt Service - Interest and Other Charges	775	96	-	-	81
Total Expenditures	**1,477,001**	**5,493,493**	**13,048**	**4,364,094**	**1,718,819**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**207,228**	**658,219**	**276,785**	**546,539**	**(102,120)**
OTHER FINANCING SOURCES (USES)					
Transfers In	222,242	5	734	273,601	220,690
Bonds Issued	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-
Capital Leases	-	-	-	-	10,034
Other Debt Issued	-	-	-	-	-
Debt Issuance Premiums	-	-	-	-	-
Insurance Recovery Proceeds	1	-	-	-	1,627
Transfers Out	(368,687)	(637,386)	(170,988)	(786,934)	(154,468)
Payments to Refunded Bond Escrow Agent	-	-	-	-	-
Total Other Financing Sources (Uses)	**(146,444)**	**(637,381)**	**(170,254)**	**(513,333)**	**77,883**
Net Change in Fund Balances	**60,784**	**20,838**	**106,531**	**33,206**	**(24,237)**
Fund Balances, October 1, 2015, as Restated	113,895	465,924	2,626,793	(84,838)	497,276
Increase (Decrease) in Inventory	16,280	-	-	-	2,199
Fund Balances, September 30, 2016	**$ 190,959**	**$ 486,762**	**$ 2,733,324**	**$ (51,632)**	**$ 475,238**

The Notes to the Financial Statements are an integral part of this statement.

UNAUDITED DRAFT

Public Welfare Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 189,917	$ 1,557,453	$ 9,688,071
214	534,440	839,328
-	126,099	214,702
-	57,617	321,877
1,562,602	2,089,461	8,856,733
23,500	523,897	1,397,595
1,776,233	**4,888,967**	**21,318,306**
-	126,068	132,869
-	1,274,177	6,658,723
-	145,237	152,781
-	1,852,827	6,983,426
1,872,272	376,426	2,292,200
-	580,558	1,136,237
-	262,743	1,979,709
583	723,291	941,874
-	48,824	48,824
3,379	283,320	288,565
3,817	190,223	194,992
1,880,051	**5,863,694**	**20,810,200**
(103,818)	**(974,727)**	**508,106**
148,833	2,067,547	2,933,652
-	155,115	155,115
-	21,660	21,660
9,687	115	19,836
-	3,163	3,163
-	21,114	21,114
38	903	2,569
(85,152)	(1,089,927)	(3,293,542)
-	(21,885)	(21,885)
73,406	**1,157,805**	**(158,318)**
(30,412)	**183,078**	**349,788**
73,190	2,558,235	6,250,475
-	131	18,610
$ 42,778	**$ 2,741,444**	**$ 6,618,873**

UNAUDITED DRAFT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
September 30, 2016
(Amounts in Thousands)

Net Change in Fund Balances for Governmental Funds		**$349,788**
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlay	323,786	
Depreciation Expense	(86,320)	
		237,466
In the Statement of Activities, only the gain (loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost, net of accumulated depreciation, of the assets sold.		(10,385)
In the Statement of Activities, the change in the balance of inventories is expensed, whereas in the governmental funds, the change in the balance of inventories is adjusted to nonspendable fund balance.		18,610
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(13,560)
Long-term loans to other governments are expenditures in the governmental funds, and the repayment is revenue in the governmental funds.		
Long-term loans to other governments	25,925	
Repayments of loans	(62,234)	
		(36,309)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and information technology, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		8,060
Capital asset reassignments for the general government have not been reported in governmental fund financial statements.		
Internal service fund capital assets reassigned to the general government	22,700	
Internal service fund capital assets reassigned from the general government	(100)	
		22,600
Amortization of deferred losses and gains on refunding of debt reported in the Statement of Activities do not use or provide current financial resources and, therefore, are not reported as expenditures or revenue in the governmental funds.		
Amortization of deferred losses	(21,333)	
Amortization of deferred gains	78	
		(21,255)
Long-term debt proceeds provide current financial resources to governmental funds, which increases long-term liabilities in the Statement of Net Position. Long-term debt principal repayment is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Bond proceeds	(155,115)	
Refunding bond proceeds	(21,660)	
Capital lease proceeds	(19,837)	
Other debt proceeds	(3,163)	
Debt issuance premiums	(21,114)	
Payments to Refunded Bond Escrow Agent	21,885	
Repayment of bond principal	279,621	
Repayment of capital lease principal	8,842	
Accrued interest and debt-related amortization	58,812	
		148,271
Increases in long-term liabilities for certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Other post-employment benefits	(120,773)	
Compensated absences	(135)	
Claims, judgments, and other	1,274	
Pension Expense	(2,269)	
		(121,903)
Change in Net Position of Governmental Activities		**$581,383**

The Notes to the Financial Statements are an integral part of this statement.

UNAUDITED DRAFT

UNAUDITED DRAFT

STATEMENT OF NET POSITION
Proprietary Funds

September 30, 2016
(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama Community College System	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 529,757	$ 37,972	$ 319,069	$ 35,395	$ 8,754
Investments, Short-term	-	19,239	80,156	-	4,557
Due From Other Funds	-	-	-	5	1,057
Due From Component Units	-	-	-	-	-
Accounts Receivable	5,573	10,882	75,287	1	1,414
Due From Other Governments	-	2,091	-	-	-
Inventory	-	3,511	5,628	39,388	1,297
Other Current Assets	-	9,937	-	-	9,612
Total Current Assets	**535,330**	**83,632**	**480,140**	**74,789**	**26,691**
Noncurrent Assets					
Investments, Long-term	-	32,647	21,689	-	98,710
Due From Other Funds	-	-	-	-	9,287
Due From Component Units	-	-	-	-	10
Other Noncurrent Assets	-	1,080	4,521	-	21
Capital Assets, Net of Accumulated Depreciation	-	542,459	817,437	2,789	9,700
Capital Assets Not Depreciated	-	81,884	148,375	-	2,642
Total Noncurrent Assets	**0**	**658,070**	**992,022**	**2,789**	**120,370**
TOTAL ASSETS	**535,330**	**741,702**	**1,472,162**	**77,578**	**147,061**
DEFERRED OUTFLOWS OF RESOURCES	**0**	**7,774**	**72,093**	**6,670**	**569**
LIABILITIES					
Current Liabilities					
Warrants Payable	-	-	-	129	38
Due To Other Funds	91	-	-	26,993	954
Due To Component Units	-	-	-	-	-
Accounts Payable	32,531	16,362	31,471	43,879	1,393
Due To Other Governments	6	-	-	1,638	4
Claims Payable	-	795	-	-	6,953
Unearned Revenue	-	-	71,218	111	135
Funds Held in Escrow	75	-	6,788	-	-
Compensated Absences	-	1,831	2,871	481	48
Notes and Capital Leases Payable	-	-	400	236	-
Revenue Bonds Payable	-	10,295	18,258	-	-
Other Long-term Liabilities	-	137	-	-	-
Total Current Liabilities	**32,703**	**29,420**	**131,006**	**73,467**	**9,525**
Noncurrent Liabilities					
Claims Payable	-	2,459	-	-	224
Unearned Revenue, Noncurrent	-	310	-	-	-
Due To Other Funds	-	-	-	-	-
Compensated Absences	-	2,747	15,052	5,175	238
Other Post-employment Benefits	-	19,076	-	31,317	275
Net Pension Liability	-	26,520	481,333	55,438	4,197
Notes and Capital Leases Payable	-	-	2,569	-	1,313
Revenue Bonds Payable	-	334,315	243,280	-	-
Other Long-term Liabilities	-	8,875	1,580	-	-
Total Noncurent Liabilities	**0**	**394,302**	**743,814**	**91,930**	**6,247**
TOTAL LIABILITIES	**32,703**	**423,722**	**874,820**	**165,397**	**15,772**
DEFERRED INFLOWS OF RESOURCES	**0**	**1,245**	**20,620**	**903**	**169**
NET POSITION					
Net Investment in Capital Assets	-	284,234	701,075	2,553	11,029
Restricted for:					
Permanent - Expendable	-	-	5,603	-	-
Permanent - Non-expendable	-	-	7,447	-	-
Unemployment Compensation	502,627	-	-	-	-
Education	-	-	-	-	2,034
Health	-	-	-	-	1,051
Debt Service	-	61,781	21,176	-	-
Capital Projects	-	-	11,566	-	-
Unrestricted	-	(21,506)	(98,052)	(84,605)	117,575
TOTAL NET POSITION	**$ 502,627**	**$ 324,509**	**$ 648,815**	**$ (82,052)**	**$ 131,689**

The Notes to the Financial Statements are an integral part of this statement.

UNAUDITED DRAFT

Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 930,947	$ 69,837
103,952	1,444
1,062	22,247
-	129
93,157	1,072
2,091	-
49,824	5,181
19,549	-
1,200,582	**99,910**
153,046	95,635
9,287	-
10	-
5,622	-
1,372,385	86,861
232,901	4,567
1,773,251	**187,063**
2,973,833	**286,973**
87,106	**7,054**
167	158
28,038	3,565
-	29
125,636	13,799
1,648	81
7,748	3,677
71,464	-
6,863	1
5,231	412
636	1,514
28,553	1,875
137	-
276,121	**25,111**
2,683	51,051
310	-
-	772
23,212	4,436
50,668	16,079
567,488	53,107
3,882	1,157
577,595	16,677
10,455	-
1,236,293	**143,279**
1,512,414	**168,390**
22,937	**866**
998,891	70,898
5,603	-
7,447	-
502,627	-
2,034	-
1,051	-
82,957	-
11,566	183
(86,588)	53,690
$ 1,525,588	**$ 124,771**

UNAUDITED DRAFT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama Community College System	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds
OPERATING REVENUES					
Charges for Goods and Services	$ 0	$ 119,691	$ 171,806	$ 327,110	$ 39,133
Premiums and Contributions	257,887	-	-	-	50,313
Rents and Leases	-	-	-	-	706
Total Operating Revenues	**257,887**	**119,691**	**171,806**	**327,110**	**90,152**
OPERATING EXPENSES					
Salaries, Wages, and Benefits	-	-	433,503	53,214	5,285
Utilities and Communications	-	-	23,867	2,645	250
Professional Services	-	-	-	6,708	3,046
Supplies, Materials, and Operating Expense	-	-	142,380	238,625	47,752
Depreciation	-	28,187	42,925	490	1,208
Claims and Benefits	194,609	-	-	-	10,520
Operations and Maintenance	-	65,884	-	-	-
General and Administrative	-	17,323	-	-	-
Other	-	-	75,380	11,094	289
Total Operating Expenses	**194,609**	**111,394**	**718,055**	**312,776**	**68,350**
Operating Income (Loss)	**63,278**	**8,297**	**(546,249)**	**14,334**	**21,802**
NONOPERATING REVENUES (EXPENSES)					
Taxes	-	-	-	11,453	-
Grants	1,725	558	218,419	1,060	1,686
Investment Income	10,867	389	2,007	-	5,862
Other Nonoperating Revenues	9,780	-	3,265	96	275
Interest Expense	-	(16,732)	(9,499)	(7)	(64)
Other Nonoperating Expenses	(1,056)	(5,794)	(4,076)	-	(542)
Total Nonoperating Revenues (Expenses)	**21,316**	**(21,579)**	**210,116**	**12,602**	**7,217**
Income (Loss) Before Contributions and Transfers	**84,594**	**(13,282)**	**(336,133)**	**26,936**	**29,019**
Capital Contributions	-	7,894	12,568	-	-
Contributions to Endowments	-	-	4	-	-
Transfers In	1,084	-	351,098	60	3,983
Transfers Out	(10,853)	(60)	-	(37,332)	(12,232)
Increase (Decrease) in Net Position	**74,825**	**(5,448)**	**27,537**	**(10,336)**	**20,770**
Total Net Position, October 1, 2015, as Restated	427,802	329,957	621,278	(71,716)	110,919
Total Net Position, September 30, 2016	**$ 502,627**	**$ 324,509**	**$ 648,815**	**$ (82,052)**	**$ 131,689**

The Notes to the Financial Statements are an integral part of this statement.

UNAUDITED DRAFT

Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 657,740	$ 92,349
308,200	17,378
706	18,137
966,646	**127,864**
492,002	40,063
26,762	18,722
9,754	16,782
428,757	29,434
72,810	6,650
205,129	9,832
65,884	-
17,323	-
86,763	11,025
1,405,184	**132,508**
(438,538)	**(4,644)**
11,453	-
223,448	1,272
19,125	1,670
13,416	781
(26,302)	(1,685)
(11,468)	(22,897)
229,672	**(20,859)**
(208,866)	**(25,503)**
20,462	2,432
4	-
356,225	63,131
(60,477)	(32,000)
107,348	**8,060**
1,418,240	116,711
$ 1,525,588	**$ 124,771**

UNAUDITED DRAFT

STATEMENT OF CASH FLOWS
Proprietary Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama Community College System	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds
Cash Flows from Operating Activities:					
Receipts from Customer & User Charges	$ 272,145	$ 121,091	$ 164,332	$ 335,987	$ 82,813
Receipts from Interfund Services	-	-	-	37	6,472
Receipts from Operating Grants	1,720	-	94,774	-	964
Receipts from Interfund Reimbursements	4,202	-	-	-	-
Receipts from Other Operating Activities	9,231	-	8,186	28,606	1,578
Payments for Goods Held for Resale	-	-	-	(232,638)	(23,893)
Payments for Other Goods & Services	-	(45,783)	(240,370)	(22,871)	(23,653)
Payments for Employees Services	-	(34,097)	(433,505)	(40,476)	(5,078)
Payments for Taxes, Fines, Penalties, & Similar Fees	(9,174)	-	-	(1)	-
Payments for Interfund Services	-	-	-	(2,007)	(2,941)
Payments for Other Operating Activities	-	-	(5)	(23,290)	(224)
Payments for Claims	(198,861)	-	-	-	(10,281)
Net Cash Provided by (Used In) Operating Activities	**79,263**	**41,211**	**(406,588)**	**43,347**	**25,757**
Cash Flows from Noncapital Financing Activities:					
Proceeds of Program Revenue Bonds & Other Noncapital Debt	-	-	3,543	-	-
Receipts from Noncapital Financing Grants & Donations	1,633	-	172,165	-	11
Transfers from Other Funds for Noncapital Financing	1	-	351,098	120	3,983
Payments for Noncapital Financing Grants & Donations	(2,690)	-	(64,579)	-	(7)
Transfers to Other Funds for Noncapital Financing	(15,592)	-	-	(42,202)	(22,563)
Net Cash Provided By (Used In) Noncapital Financing Activities	**(16,648)**	**0**	**462,227**	**(42,082)**	**(18,576)**
Cash Flows From Capital & Related Financing Activities:					
Receipts from Capital Grants & Contributions	-	7,982	12,769	-	715
Transfers from Other Funds for Capital Financing	-	-	-	-	-
Receipts from Sale of Capital Assets & Insurance Proceeds	-	561	1,777	48	-
Payments to Acquire, Construct, & Improve Capital Assets	-	(21,786)	(76,752)	(857)	(976)
Principal Paid on Revenue Bonds & Other Capital Debt	-	(9,755)	(20,003)	(278)	(98)
Interest Paid on Revenue Bonds & Other Capital Debt	-	(18,363)	(9,689)	(7)	(64)
Bond Issuance Cost	-	-	(38)	-	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	**0**	**(41,361)**	**(91,936)**	**(1,094)**	**(423)**
Cash Flows From Investing Activities					
Receipts from Sales & Maturities of Investments	-	-	42,563	-	5,500
Receipts from Interest & Dividends on Investments & Loans	10,457	836	1,274	-	1,860
Purchase of Investments	-	(792)	(34,401)	-	(27,555)
Net Cash Provided By (Used In) Investing Activities	**10,457**	**44**	**9,436**	**0**	**(20,195)**
Net Increase (Decrease) In Cash and Cash Equivalents	**73,072**	**(106)**	**(26,861)**	**171**	**(13,437)**
Cash Balance as Restated, October 1, 2015	456,685	38,078	345,930	35,095	22,153
Cash Balance, September 30, 2016	**529,757**	**37,972**	**319,069**	**35,266**	**8,716**
Add: Warrants Payable	-	-	-	129	38
Cash and Cash Equivalents, as Reported on Balance Sheet	**$ 529,757**	**$ 37,972**	**$ 319,069**	**$ 35,395**	**$ 8,754**

The Notes to the Financial Statements are an integral part of this statement.

UNAUDITED DRAFT

Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 976,368	$ 10,190
6,509	116,765
97,458	-
4,202	-
47,601	948
(256,531)	(16,835)
(332,677)	(49,169)
(513,156)	(36,102)
(9,175)	(1)
(4,948)	(9,738)
(23,519)	(1,106)
(209,142)	(4,101)
(217,010)	**10,851**
3,543	-
173,809	-
355,202	55,618
(67,276)	-
(80,357)	(31,239)
384,921	**24,379**
21,466	-
-	16,315
2,386	396
(100,371)	(24,027)
(30,134)	(27,082)
(28,123)	(1,890)
(38)	-
(134,814)	**(36,288)**
48,063	19,958
14,427	-
(62,748)	(80,969)
(258)	**(61,011)**
32,839	**(62,069)**
897,941	131,748
930,780	**69,679**
167	158
$ 930,947	**$ 69,837**

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UNAUDITED DRAFT

STATEMENT OF CASH FLOWS (Continued from Previous Page)
Proprietary Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama Community College System	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	**$ 63,278**	**$ 8,297**	**$ (546,249)**	**$ 14,334**	**$ 21,802**
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Due from Other Funds	78	-	-	12	627
Accounts Receivable	526	1,561	(6,073)	4	(671)
Due From Other Governments	2	-	-	-	-
Inventory	-	(127)	394	(13,970)	(39)
Other Assets	-	(2,667)	28,117	-	1,253
Deferred Outflows of Resources	-	(566)	(34,740)	(3,640)	(267)
Due to Other Funds	(6,408)	-	-	6,019	285
Accounts Payable	10,856	183	(986)	13,485	234
Due to Other Governments	(10)	-	-	(1,262)	-
Claims Payable	-	(552)	-	-	309
Unearned Revenue	-	159	-	-	-
Funds Held in Escrow	-	-	-	(15)	-
Compensated Absences	-	298	33	129	11
Other Post-employment Benefits	-	1,757	-	3,263	21
Net Pension Liability	-	(207)	57,892	13,496	389
Other Liabilities	-	(100)	(25,785)	-	-
Deferred Inflows of Resources	-	17	(23,833)	(1,692)	(258)
Depreciation	-	28,187	42,925	490	1,208
Amortization Expense	-	4,473	-	-	-
Nonoperating Revenues	10,941	558	101,717	12,694	1,164
Nonoperating Expenses	-	(60)	-	-	(311)
Total Adjustments	15,985	32,914	139,661	29,013	3,955
Net Cash Provided (Used) by Operating Activities	**$ 79,263**	**$ 41,211**	**$ (406,588)**	**$ 43,347**	**$ 25,757**
Noncash Investing, Capital, and Financing Activities					
Increase (Decrease):					
Capital Assets Acquired by Capital Contribution	-	-	603	-	-
Capital Assets Acquired by Capital Lease or Other Debt	-	-	762	-	-
Capital Assets Acquired on Account	-	-	-	72	270
Disposals of Capital Assets	-	(13,341)	(6,582)	(77)	-
Capital Asset Reassignments	-	-	-	-	-
Revenue Bond Amortizations and Other Debt Adjustments	-	43	3,495	-	-
Interest Accruals and Other Adjustments	410	-	-	-	1,439
Unrealized Gains (Losses) in Investment Fair Value	-	1,711	866	-	2,622
Transfers In (Out)	1	-	-	4,869	10,283
Capital Grants and Contributions Receivable	-	(88)	-	-	-

The Notes to the Financial Statements are an integral part of this statement.

UNAUDITED DRAFT

Total Enterprise Funds	Governmental Activities Internal Service Funds
$ (438,538)	**$ (4,644)**
717	(3,487)
(4,653)	2,568
2	-
(13,742)	(97)
26,703	(111)
(39,213)	(3,307)
(104)	1,232
23,772	(2,187)
(1,272)	-
(243)	6,287
159	-
(15)	-
471	(140)
5,041	1,871
71,570	6,593
(25,885)	-
(25,766)	(1,741)
72,810	6,650
4,473	-
127,074	1,407
(371)	(43)
221,528	15,495
$ (217,010)	**$ 10,851**
603	2,432
762	-
342	244
(20,000)	(2,761)
-	(20,368)
3,538	324
1,849	1,091
5,199	579
15,153	(8,859)
(88)	-

UNAUDITED DRAFT

STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds

September 30, 2016
(Amounts in Thousands)

	Pension and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents	$ 68,366	$ 27,111	$ 299,849
Investments			
Time Deposits	-	-	692
U.S. Treasury Securities	1,582,763	9,581	34,072
U.S. Agency Securities	358,997	12,220	-
State and Local Government Securities	-	290	10,540
Mortgage Backed Securities	960,955	3,735	1,875
Corporate Stocks	19,083,129	5,935	-
Corporate Bonds	6,203,318	36,650	1,000
Real Estate	3,464,848	582	-
Commercial Paper	728,755	-	-
International Stocks	4,278,012	-	-
Guaranteed Investment Contracts	247,590	-	-
Mutual and Money Market Funds	1,039,831	1,384,753	566
Receivables			
Employer Contributions Receivable	98,062	-	-
Member Contributions Receivable	57,579	-	-
Federal On-Behalf Contributions Receivable	61,452	-	-
Investment Sales Receivable	1,001,604	-	-
Accounts Receivable	184,057	3,398	135
Mortgages, Notes, and Loans Receivable	6,681	-	-
Securities Lending Collateral	1,977,529	6,426	6
Other Assets	2,491	-	-
Capital Assets, Net of Accumulated Depreciation	120,673	-	-
Capital Assets Not Depreciated	30,220	-	-
TOTAL ASSETS	**41,556,912**	**1,490,681**	**348,735**
DEFERRED OUTFLOWS OF RESOURCES	**6,614**	**0**	**0**
LIABILITIES			
Warrants Payable	$ 78	$ 141	$ 27,928
Investment Purchases Payable	972,655	20	-
Due To Other Funds	2	3	-
Accounts Payable	19,537	23,202	416
Due To Other Governments	23,579	-	7,974
Claims Payable	57,027	-	-
Securities Lending Obligation	1,977,529	6,426	6
Unearned Revenue	3,311	-	-
Amounts Held in Custody for Others	-	2,025	312,411
Compensated Absences	4,863	9	-
Other Post-employment Benefits	10,154	-	-
Net Pension Liability	33,816	-	-
Notes and Mortgages Payable	1,000	-	-
TOTAL LIABILITIES	**3,103,551**	**31,826**	**348,735**
DEFERRED INFLOWS OF RESOURCES	**624**	**0**	**0**
NET POSITION			
Restricted or Held in Trust for Beneficiaries	-	1,458,855	-
Restricted for Pension and Other Employee Benefits	38,459,351	-	-
TOTAL NET POSITION	**$ 38,459,351**	**$ 1,458,855**	**$ 0**

The Notes to the Financial Statements are an integral part of this statement.

UNAUDITED DRAFT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiduciary Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Pension and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds
ADDITIONS		
Contributions:		
Plan members	$ 1,060,808	$ 152,663
Employer	1,596,434	-
Other Contributions	2,926	-
Federal On-Behalf	60,726	-
Total Contributions	2,720,894	152,663
Investment Earnings		
Investment Interest and Dividends	1,027,555	39,671
Net Increase (Decrease) in Fair Value of Investments	2,582,100	78,545
Securities Lending Income	26,960	13
Total Investment Earnings	3,636,615	118,229
Less:		
Investment Expense	11,278	-
Securities Lending Interest and Fees	10,023	6
Net Investment Income	3,615,314	118,223
Other Additions		
Interest from Mortgages and Loans Receivable	311	-
Miscellaneous	159	634
Transfers In	-	33,952
Total Other Additions	470	34,586
Total Additions	**6,336,678**	**305,472**
DEDUCTIONS		
Benefit Payments and Refunds	4,200,088	174,588
Administrative Expense	39,686	8,445
Transfers Out	26	915
Total Deductions	**4,239,800**	**183,948**
Change in Net Position	**2,096,878**	**121,524**
Net Position Restricted or Held in Trust for Beneficiaries, October 1, 2015, as Restated	36,362,472	1,337,331
Net Position Restricted or Held in Trust for Beneficiaries, September 30, 2016	**$ 38,459,350**	**$ 1,458,855**

The Notes to the Financial Statements are an integral part of this statement.

UNAUDITED DRAFT

STATEMENT OF NET POSITION
Component Units

September 30, 2016
(Amounts in Thousands)

	University of Alabama	Auburn University	University of South Alabama	Housing Finance Authority	Public Education Employees' Health Insur
ASSETS					
Cash and Cash Equivalents	$ 518,829	$ 79,070	$ 101,891	$ 13,694	$ 4,233
Investments	3,914,476	1,636,019	628,598	315,218	111,824
Due From Primary Government	-	-	-	-	-
Accounts Receivable	471,331	43,235	70,633	18,928	5,273
Due From Other Governments	-	-	-	-	647
Mortgages, Notes, and Loans Receivable	259,806	59,251	7,108	529,483	-
Securities Lending Collateral	-	-	-	-	-
Inventory	24,959	5,187	-	-	-
Restricted Assets	-	-	18,927	-	-
Other Assets	146,949	39,242	14,898	73,153	2,229
Capital Assets, Net of Accumulated Depreciation	3,577,806	1,516,789	539,369	-	-
Capital Assets Not Depreciated	273,851	103,600	136,495	-	-
TOTAL ASSETS	**9,188,007**	**3,482,393**	**1,517,919**	**950,476**	**124,206**
DEFERRED OUTFLOWS OF RESOURCES	**335,779**	**169,964**	**49,545**	**2,455**	**783**
LIABILITIES					
Warrants Payable	-	-	-	-	-
Due To Primary Government	44,130	-	-	-	728
Accounts Payable	387,470	79,861	60,712	130,165	398
Due To Other Governments	22,921	-	-	-	5,918
Securities Lending Obligation	-	-	-	-	-
Unearned Revenue	436,279	208,269	63,064	6,385	-
Amounts Held in Custody for Others	171,415	25,780	-	328,671	-
Noncurrent Liabilities:					
Due Within One Year	170,889	44,529	30,824	76,415	38,982
Due In More Than One Year	3,954,981	1,430,552	815,948	31,378	55,668
TOTAL LIABILITIES	**5,188,085**	**1,788,991**	**970,548**	**573,014**	**101,694**
DEFERRED INFLOWS OF RESOURCES	**62,294**	**3,690**	**24,014**	**0**	**18**
NET POSITION					
Net Investment in Capital Assets	1,899,811	929,332	270,805	-	-
Restricted for:					
Permanent - Expendable	699,034	168,135	13,368	-	-
Permanent - Non-expendable	804,814	421,269	218,350	-	-
Education	-	-	-	-	-
Debt Service	-	-	-	9,995	-
Capital Projects	-	21,411	-	-	-
Other Purposes	-	5,266	126,923	-	-
Unrestricted	869,748	314,263	(56,544)	369,922	23,277
TOTAL NET POSITION	**$ 4,273,407**	**$ 1,859,676**	**$ 572,902**	**$ 379,917**	**$ 23,277**

The Notes to the Financial Statements are an integral part of this statement.

UNAUDITED DRAFT

Nonmajor Component Units	Total Component Units
$ 388,848	$ 1,106,565
888,973	7,495,108
6,205	6,205
140,883	750,283
591,870	592,517
29,835	885,483
6,472	6,472
8,622	38,768
1,966	20,893
46,602	323,073
1,135,487	6,769,451
184,123	698,069
3,429,886	**18,692,887**
116,465	**674,991**
67	67
825	45,683
73,328	731,934
161,189	190,028
6,472	6,472
189,624	903,621
12,527	538,393
66,993	428,632
1,459,245	7,747,772
1,970,270	**10,592,602**
10,179	**100,195**
662,719	3,762,667
116,515	997,052
193,886	1,638,319
2,441	2,441
619,096	629,091
28	21,439
52,997	185,186
(81,780)	1,438,886
$ 1,565,902	**$ 8,675,081**

UNAUDITED DRAFT

STATEMENT OF ACTIVITIES
Component Units

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	University of Alabama	Auburn University	University of South Alabama	Housing Finance Authority	Public Education Employees' Health Insur
Expenses	**$ 4,513,521**	**$ 1,071,169**	**$ 779,378**	**$ 57,341**	**$ 900,785**
Program Revenues					
Charges for Services	3,469,368	666,744	593,684	32,275	875,242
Operating Grants and Contributions	750,387	319,020	38,234	18,944	-
Capital Grants and Contributions	21,913	22,791	3,053	-	-
Total Program Revenues	**4,241,668**	**1,008,555**	**634,971**	**51,219**	**875,242**
Net (Expense) Revenue	**(271,853)**	**(62,614)**	**(144,407)**	**(6,122)**	**(25,543)**
General Revenues:					
Payments from State of Alabama	463,930	161,924	104,977	-	-
Grants and Contributions Not Restricted to Specific Programs	159	-	-	-	-
Unrestricted Investment Earnings	194,510	81,222	10,965	23,337	569
Miscellaneous	7	-	39,307	-	-
Contributions to Permanent Funds and Endowments	38,326	185	6,476	-	-
Total General Revenues and Contributions	**696,932**	**243,331**	**161,725**	**23,337**	**569**
Change in Net Position	**425,079**	**180,717**	**17,318**	**17,215**	**(24,974)**
Net Position, October 1, 2015, as Restated	3,848,328	1,678,959	555,584	362,702	48,251
Net Position, September 30, 2016	**$ 4,273,407**	**$ 1,859,676**	**$ 572,902**	**$ 379,917**	**$ 23,277**

The Notes to the Financial Statements are an integral part of this statement.

UNAUDITED DRAFT

Nonmajor Component Units	Total Component Units
$ 1,432,118	**$ 8,754,312**
843,048	6,480,361
276,535	1,403,120
6,508	54,265
1,126,091	**7,937,746**
(306,027)	**(816,566)**
306,039	1,036,870
-	159
39,979	350,582
7,689	47,003
147	45,134
353,854	**1,479,748**
47,827	**663,182**
1,518,075	8,011,899
$ 1,565,902	**$ 8,675,081**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the State of Alabama (the primary government) and its component units. Component units are legally separate organizations ("public corporations") for which the primary government is financially accountable. Generally, the primary government is financially accountable if it appoints a voting majority of the organization's board and it can either 1) impose its will on the organization, or 2) there is a financial benefit/burden relationship. If the primary government does not control the board, it may be financially accountable if the organization is fiscally dependent on the State. Organizations making up the primary government and its component units are summarized in the following paragraphs.

1. Primary Government

All state departments, agencies, elected officials, boards, commissions, authorities, committees, halls of fame, educational institutions, and other state organizations (hereafter referred to as "agencies") which are not legally separate are, for financial reporting purposes, part of the primary government. All agencies and funds that operate from within the State Treasury, except those listed later as component units, are part of the primary government. The following non-Treasury agencies operate largely independent of the control of the State Comptroller, State Auditor, and State Treasurer, but lack the corporate powers to make them legally separate and are therefore part of the primary government:

- Alabama Community College System
- Alabama Fire College
- Alabama Technology Network
- Aviation Hall of Fame
- Cahawba Advisory Committee
- Commercial Mobile Radio Service Board
- Dental Examiners Board
- Dental Scholarships Awards Board
- Firefighters Annuity and Benefit Board
- Gorgas Memorial Board
- Alabama Industrial Development and Training Institute
- Medical Examiners and Licensure Commission
- Motor Sports Hall of Fame
- Optometric Scholarships Awards Board
- Optometry Board
- Pharmacy Board
- Pilotage Commission
- Podiatry Board
- School of Fine Arts
- St. Stephens Historical Commission
- State Port Authority
- Women's Hall of Fame

2. Blended Component Units

Blended component units are legally separate but they either exist solely to provide services (usually financing) exclusively to the State, or their debt is expected to be paid using primary government resources. Because of this close relationship, they are blended with and reported as though they are a part of the primary government. All references in the financial statements or elsewhere in these notes to the term "primary government" will encompass both the primary government and the blended component units.

The following blended component units were created for the purpose of financing State capital expenditures. Each issues revenue bonds that are limited obligations of the component unit. Their boards consist of state officials and specific state revenues are pledged for bond repayment. Those marked with a † are currently inactive and had no financial balances or activity in the past fiscal year.

- Agriculture Markets and Coliseum Authority †
- Corrections Institution Finance Authority
- Mental Health Finance Authority

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- Federal Aid Highway Finance Authority
- Highway Authority †
- Highway Finance Corporation
- Industrial Access Road and Bridge Authority †
- Toll Road, Bridge and Tunnel Authority †
- Judicial Building Authority
- Alabama Trade School and Junior College Authority †
- Gulf State Park Authority†

The Building Renovation Finance Authority has the same characteristics as those in the previous paragraph, but has the added responsibility of operating, maintaining, and renting buildings in the capitol complex that are occupied by state departments.

The following blended component units were created primarily for the purpose of financing capital grants and loans. These grants and loans are made to local school systems for building and equipping school buildings, or to local industrial development boards, or to industries locating in or expanding in the State. Each issues revenue bonds that are limited obligations of the component unit. Their boards consist of a majority of state officials and specific state revenues are pledged for bond repayment. Those marked with a † are currently inactive and had no financial balances or activity in the past fiscal year.

- Alabama Public School and College Authority
- Alabama Incentives Financing Authority
- Alabama Twenty-first Century Authority
- State Industrial Development Authority
- Revolving Loan Fund Authority
- Tennessee Valley Exhibit Commission †

The Department of Mental Health provides mental health services to the people of Alabama. The Governor of the State and the commissioner of the Department constitute a public corporation and are advised by a sixteen-member board of trustees. The commissioner and ten of the board members are appointed at the discretion of the Governor. All of the department's debt is repaid with resources of the primary government.

The Public Historical Sites and Parks Improvement Corporation issues bonds and uses the proceeds to renovate, improve, maintain, and construct State owned public historical sites and parks not under the jurisdiction of the Department of Conservation and Natural Resources as well as non-State owned public historical sites and parks. The six members of the Corporation are state officials. The debt is repaid entirely with resources of the primary government.

The State Parks System Improvement Corporation renovates, improves, maintains, and constructs assets belonging to the State Parks System. The six members of the Corporation are state officials. The debt of the Corporation is repaid entirely with resources of the primary government.

The Tombigbee Valley Development Authority consists of six state officials who oversee the development and improvements along the Tombigbee River. The debt of the Authority is repaid entirely with resources of the primary government.

The Coosa Valley Development Authority oversees developments and improvements along the Coosa River. Six of the seven members of the Authority are state officials. The debt of the Authority is repaid entirely with resources of the primary government.

The Forensic Science Bond Authority has the power to acquire, construct, and equip laboratories and other facilities for the State Department of Forensic Sciences. The four members of the Authority are state officials. The Authority had no financial activity in the past fiscal year.

The Alabama State Parking Deck Authority has the authority to sell bonds, operate, maintain, and rent space in a parking deck on a block in the capitol complex. The members of the Authority are State officials and the debt will be repaid with State resources.

The Educational Television Foundation Authority raises and manages money and property solely for the benefit of the Alabama Educational Television Commission, a State agency. The Authority consists of thirteen members who are appointed by the Alabama Educational Television Commission. The Authority provides fund raising and promotion flexibility that the Commission, as part of the primary government, would not otherwise have.

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The Public Health Care Authority was created solely to build, furnish, and maintain facilities for the use of the Department of Public Health, a State agency, financing those facilities with debt issuances which are backed by leases with the Department. Three of the seven board members are state officials but the remaining board members are not appointed by the State and the Authority is not fiscally dependent on the State. The Authority is included in these financial statements because it would be misleading to exclude them due to the close relationship with the State.

3. Discretely Presented Component Units

Discretely presented component units are organizations, which are legally separate and do not exist to provide services exclusively to the primary government. Providing services to the citizens of the state is not considered the same as providing services to the primary government institution. Financial information for discretely presented component units is segregated on the financial statements and the notes in the "Component Unit" columns in order to emphasize that they are legally separate.

Most of the discretely presented component units have boards that are controlled by the primary government through the appointment of a majority of the board members. The State has been determined to be financially accountable for each organization because it can impose its will on each organization. Unless otherwise noted, financial accountability for each organization described below exists at least in the ability of the State to modify the component unit's budget. Other manifestations of financial accountability may also exist.

For discretely presented component units whose boards are not controlled by the State, the organization has been determined to be fiscally dependent on the State. Unless otherwise noted, fiscal dependency exists at a minimum in the State's ability to modify the component unit's budget. Other manifestations of fiscal dependency may also exist.

When audited financial statements for a discretely presented component unit exist, the address at which such financial statements can be obtained is included in the following paragraphs describing each component unit. For all other discretely presented component units, complete financial statements may be obtained from the State of Alabama, Office of State Comptroller, RSA Union Building, Suite 206, Montgomery, AL 36130-2602.

The Water Pollution Control Authority operates a revolving loan fund to aid municipalities in financing the construction of wastewater treatment facilities. A five-member board of directors made up of ex officio members governs the Authority. Audited financial statements of the Authority may be obtained from the Alabama Department of Environmental Management, 1400 Coliseum Boulevard, Montgomery, AL 36130.

The Alabama Drinking Water Finance Authority operates a revolving loan fund to aid local governments in financing the construction of sanitary drinking water facilities. A five-member board of directors made up of ex officio members governs the Authority. Audited financial statements of the Authority may be obtained from the Alabama Department of Environmental Management, 1400 Coliseum Boulevard, Montgomery, AL 36130.

The Crime Victims Compensation Commission awards compensation for economic losses arising from criminal conduct and works to change laws to benefit crime victims. The Commission consists of three members who are appointed by the Governor.

The Alabama Education Foundation encourages donations of money for local school systems and invests the money for the benefit of each local system. The Foundation is governed by a twelve-member board that is made up of state officials and other individuals appointed by state authorities.

The Supercomputer Authority operates a supercomputer for the use of educational and governmental research institutions, private businesses, and individuals. The twenty directors of the Authority are appointed by state officials.

The Public Education Employees' Health Insurance Board operates a health insurance plan for employees of public school systems, state junior colleges, colleges, universities, and related education administrative employees. The State does not appoint a majority of the Board but the Board is fiscally dependent on the State. Audited financial statements of the board may be obtained at 201 South Union Street, Montgomery, AL 36104-0001.

The State Employees' Insurance Board operates health insurance plans for state employees. The State does not appoint a majority of the Board but the Board is fiscally dependent on the State. Audited financial statements of the board may be obtained at Suite 200, 201 South Union Street, Montgomery, AL 36104.

The boards of the four-year colleges of the State, except for the University of Alabama, are appointed by the State. Those colleges are: Alabama A&M University, Alabama State University, Athens State University, Auburn University, Jacksonville State University, University of Montevallo, University of West Alabama, University of North Alabama, University of South Alabama, and Troy

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University. The University of Alabama board of trustees is not controlled by the State, but the University is subject to budgetary control by the State. The Crimson Tide Foundation, UAB Research Foundation, Triton Health Systems, LLC, Alabama Care Plan, UAB Hospital Management, LLC, and UAB Athletics Foundation are blended component units of the University of Alabama and are therefore included in all amounts reported for the University. The University of South Alabama includes the Professional Liability Trust Fund, the General Liability Trust Fund, USA HealthCare Management, LLC, and the University of South Alabama Health Services Foundation as blended component units.

In addition to the blended component units, there are other legally separate, tax exempt organizations that are discretely presented component units of the universities. These organizations generally exist to raise funds to benefit a specific university. Although the university may not control the timing or amount of receipts from these foundations, the majority of resources that the foundations hold and invest are restricted to benefit the activities of the universities by the donors. Because the resources are held for the benefit of the universities, the foundations are considered discretely presented component units of the universities and are included in each of the universities' financial statements. For the University of Alabama, the University's discretely presented component units are the National Alumni Association of the University of Alabama, the Capstone Foundation, the 1831 Foundation, the Capstone Health Services Foundation, the University of Alabama Law School Foundation, the Donor Advised Fund, Southern Research Institute, and the University of Alabama Huntsville Foundation. For Alabama State University, the Alabama State University Foundation, Inc. and the Trust for Educational Excellence at Alabama State University are component units. For Auburn University, the University's component units are the Auburn University Foundation, Tigers Unlimited Foundation, Auburn Alumni Association, and Auburn Research and Technology Foundation. The University of Montevallo Foundation is a component unit of the University of Montevallo and is included in the amounts reported for Montevallo. The University of South Alabama has three component units, the University of South Alabama Foundation, the Gulf Coast Regional Care Organization, and USA Research and Technology Corporation. The Troy University Foundation is a component unit of Troy University. Jacksonville State University's component unit is Jacksonville State University Foundation, Inc. For the University of North Alabama, the University of North Alabama Foundation is a component unit and is included in the amount reported for North Alabama. The Alabama A&M University has two component units – The Alabama A&M University Foundation, Inc. and the Trust for Educational Excellence at Alabama A&M University. For Athens State University, the Athens State University Foundation is a component unit. The University of West Alabama Foundation is a component unit of The University of West Alabama.

Complete financial statements for the universities which are audited by other auditors may be obtained at the following addresses: Chief Fiscal Officer, University of South Alabama, Business Office AD 380, Mobile, AL 36688-0002; Office of the Vice President for Business and Finance, Alabama A&M University, 105 Patton Building, Normal, AL 35762; Vice President for Financial Affairs, University of Alabama at Tuscaloosa, P.O. Box 870142, Tuscaloosa, AL 35487-0142; Office of Accounting and Financial Reporting, The University of Alabama in Huntsville, 301 Sparkman Drive, Huntsville, AL 35899; Vice President for Financial Affairs and Administration, University of Alabama at Birmingham, 701 20th Street South, 921 Administrative Building, Birmingham, AL 35294; Controller, Auburn University, 126 Ingram Hall, Auburn University, AL 36849-5161; Controller, University of Montevallo, Station 6060, Montevallo, AL 35115-6000; Vice President for Business and Finance, Alabama State University, 915 S. Jackson Street, Montgomery, AL 36104; Vice President for Financial Affairs, Athens State University, 300 North Beaty Street, Athens, AL 35611; Vice President for Administrative and Business Affairs, Jacksonville State University, 700 Pelham Road North, Jacksonville, AL 36265-1602; Comptroller, University of West Alabama, UWA Station 2, Livingston, AL 35470; Vice President for Business and Financial Affairs, University of North Alabama, Bibb Graves Hall Room 103, Florence, AL 35632-0001; Senior Vice Chancellor Finance and Business, Troy University, Adams Administration Building Suite 159, Troy, AL 36082.

The Alabama Institute for the Deaf and Blind (AIDB) is an educational institution governed by a fourteen-member board, twelve of whom are appointed by the Governor. The Alabama Institute of Deaf and Blind Foundation, Inc. is a component unit of AIDB and is included in the amount reported.

The Marine Environmental Sciences Consortium provides educational programs in marine sciences for the graduate and undergraduate level and conducts research in marine sciences. The board of directors is composed of the chief executive officers of the member institutions.

The U.S.S. Alabama Battleship Commission consists of eighteen members appointed by the Governor. The Commission operates a memorial park centered near the historic battleship.

The fourteen-member board of directors of the Housing Finance Authority is appointed by various state officials. The Authority sells bonds and uses the proceeds to make it possible for lenders to make low interest rate mortgages available to low income home buyers. The primary government does not affect the Authority's budget, but the legislature has historically limited the Authority's ability to issue bonds. Audited financial statements may be obtained from the Authority, P.O. Box 242967, 7460 Halcyon Pointe drive, Suite 200, Montgomery, AL 36124-2967.

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The Alabama Historic Ironworks Commission operates an historic park based on one of the State's early ironworks. Fourteen of the eighteen members of the commission are appointed by the Governor. Part of the Commission's budget is subject to State control.

The Space Science Exhibit Commission operates the Alabama Space and Rocket Center along with the Space Camp. All eighteen members of the Commission are appointed by the Governor and part of the Commission's budget is subject to State approval. Audited financial statements may be obtained from the Commission at the Alabama Space and Rocket Center, P. O. Box 070015, 1 Tranquility Base, Huntsville, AL 35807-7015.

The Alabama International Airport Authority was created to develop an international airport in the State. The State controls the appointment of only five of the ten members. All funding for the Authority was historically through the General Fund, so the Authority is subject to full budgetary control. The Authority has received no funding for a number of years and is currently inactive.

The Historical Commission is responsible for the preservation of historic sites, buildings, and objects. The twenty-member Commission is not controlled by the State, but the Commission's budget is subject to State control.

The Choctawhatchee Pea and Yellow Rivers Watershed Management Authority develops and executes plans for water conservation and usage, flood control and prevention, water pollution control, wildlife habitat protection, and erosion control within the boundaries of the Authority. The directors of the Authority are elected by local residents, but the Authority is subject to State budgetary control.

The Agricultural Museum Board exists to preserve and exhibit agricultural artifacts. The Board is not controlled by the State, but it is subject to State budgetary control.

The Music Hall of Fame operates a public exhibit displaying music memorabilia in honor of Alabamians who have made a lasting contribution to music. The Hall has both an independent board and is fiscally independent of the State. The Hall is included in these financial statements because it would be misleading to exclude. The State has some limited budgetary influence and the State funded the construction of the Hall's facilities with a general obligation bond issue.

The Historic Blakeley Authority preserves the historic site of the town of Blakeley and operates a park on the site. The Authority has both an independent board and is fiscally independent of the State. The Authority is included in the reporting entity because the State has some limited budgetary influence and the State provides the majority of the Authority's funding.

The Agricultural Development Authority promotes development of agriculture in the State by making low interest loans available to persons engaged in agricultural operations. The seven-member board is made up of three state officials and four other persons appointed by the State.

The Red Mountain Greenway and Recreational Area Commission is responsible for preserving, restoring, and promoting as a greenway, recreational area, or historic site certain land in Birmingham which played an important role in the steel industry of the State. The fifteen member Commission is not controlled by the State, but the Commission is fiscally dependent on the State.

4. Fiduciary Component Units

Component units that are fiduciary in nature are required by GAAP to be reported with the fiduciary funds of the primary government rather than as discretely presented component units. In accordance with GAAP, primary government fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements.

The Employees' Retirement System (ERS), a discretely presented component unit, operates several pension (and other employee benefit) trust funds for the benefit of state and local governmental employees. The ERS is governed by a thirteen-member board of control, seven of whom are either primary government officials or appointees of the Governor.

The Teachers' Retirement System (TRS), a discretely presented component unit, operates a pension plan for the benefit of all employees of public education institutions throughout the State. It is governed by a fourteen-member board, ten of whom are elected from among the member employees. The administrative budget of TRS is subject to approval by the State. Audited financial statements for the TRS and ERS may be obtained from the RSA at 201 South Union Street, P.O. Box 302150, Montgomery, AL 36130-2150.

5. Excluded Organizations

Other entities have been examined but failed to meet the criteria for inclusion in the State's reporting entity. City and county boards of education are legally separate organizations whose boards are not controlled by the State. They are fiscally dependent on both the State and local government. It is more appropriate that they be included in a local government's reporting entity.

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The Local Government Health Insurance Board, Elk River Development Agency, Bear Creek Development Authority, Cahaba Trace Commission, and North Alabama Agriplex Board are legally separate organizations whose boards are not controlled by the State nor are they fiscally dependent on the State. All five of these organizations are excluded. The many local soil and water conservation districts are legally separate organizations which have independent boards and are fiscally independent. In keeping with their independence, they are excluded from this report.

6. Sources of Information

The majority of state organizations, whether primary government or component unit, conduct their financial operations from the State Treasury through the State's central accounting system under the supervision and review of the State Comptroller, State Treasurer, and State Auditor. The source of information on these agencies is the State's central accounting system. For these agencies, the recording of cash, warrants payable, encumbrances, salaries payable, compensated absences, most investments, most short-term payables, most revenues, and most expenditures/expenses are controlled by the State Comptroller and/or the State Treasurer and are therefore subject to extensive scrutiny. Accruals of revenues, a few accruals of expenditures/expenses, and all other accounts, such as depreciation, capital assets, inventories, and capital leases, generally are based on data provided by the individual agencies. The data provided by the agencies are reviewed and recorded once a year and are believed to be materially correct even though they are not generally subject to extensive scrutiny by the State Comptroller, State Treasurer, or State Auditor.

There are some organizations and funds which meet the criteria for inclusion as part of the reporting entity even though they have the authority to conduct their financial operations through bank accounts and accounting systems outside the State Treasury, independent of the direct daily control of the State Comptroller, State Treasurer, and State Auditor. These non-Treasury agencies are included in the financial statements based on information provided to the State Comptroller once a year by the agency or the agency's auditors. Whenever possible, the non-Treasury agencies are reported as they appeared in the information submitted to the State Comptroller. However, corrections or modifications have been made whenever required to comply with generally accepted accounting principles or wherever necessary to ensure consistent statewide report presentation.

The following non-Treasury agencies and funds are included in this report:

a. Primary Government

- Alabama College Education Savings Trust Fund
- Alabama Community College System
- Alabama Deferred Compensation Plan
- Alabama Health Insurance Plan
- Alabama Industrial Development Training Institute
- Alabama School of Fine Arts
- Alabama State Port Authority
- Alabama Fire College
- Alabama Technology Network
- Attorney General Outside Accounts
- Aviation Hall of Fame
- Blind Vendors Fund
- C.C. Smith Trust Fund
- Cahawba Advisory Committee
- Charlotte Thorn Endowment Fund
- Corrections Bank Accounts and Agency Funds
- Corrections Canteen Funds
- Court System Local Accounts
- Dental Examiners Board
- Dental Scholarships Awards Board
- Department of Human Resources Local Funds
- Educational Television Foundation Authority
- Geological Survey Library Revolving Fund
- Gorgas Memorial Board
- High School of Math and Science
- Insurance Department Statutory Deposits
- Insurance Department Receivership
- Medicaid Agency Lien Account

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- Medical Scholarships Awards Account
- Medical Examiners and Licensure Commission
- Men’s Hall of Fame Outside Account
- Military Department Unit Funds
- Motor Sports Hall of Fame
- National Guard Canteen Funds
- Optometry Board
- Optometric Scholarships Awards Board
- Peace Officers' Annuity and Benefit Investment Account
- Pharmacy Board
- Pilotage Commission
- Podiatry Board
- Public Health Care Authority
- Public Health Local Funds
- Public Safety Narcotics Funds
- Sports Hall of Fame Checking Account
- St. Stephens Historical Commission
- State Bar Checking Account
- State Bar Client Security
- State Bar Foundation
- State Port Authority Hourly Pension Plan
- State Port Authority Railway Pension Plan
- State Port Authority Hourly Defined Contribution Plan
- Stonewall Jackson Memorial Fund
- Supreme Court Checking Account
- Supreme Court Law Library Checking Account
- Unemployment Compensation Funds
- Victims Services Fund
- W.V. Chambliss Trust Fund
- Wireless 911 Board
- Women's Hall of Fame
- Youth Service Student Accounts and Local Funds

b. Discretely Presented Component Units

- Alabama Agricultural and Mechanical University
- Alabama Agricultural Development Authority
- Alabama Drinking Water Finance Authority
- Alabama Historic Ironworks Commission
- Alabama Housing Finance Authority
- Alabama Institute for Deaf and Blind
- Alabama State University
- Athens State University
- Auburn University
- Historic Blakeley Authority
- Crime Victims’ Compensation Fund
- Jacksonville State University
- Marine Environmental Sciences Consortium
- Mental Health Capital Projects - Bank Account
- Music Hall of Fame
- Red Mountain Greenway and Recreational Area Commission
- Space Science Exhibit Commission and
  Space Science Exhibit Finance Authority
- Troy University
- U.S.S. Alabama Battleship Commission
- University of Alabama in Birmingham

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- University of Alabama in Huntsville
- University of Alabama System Office
- University of Alabama in Tuscaloosa
- University of Montevallo
- University of North Alabama
- University of South Alabama
- University of West Alabama
- Water Pollution Control Authority

B. Government-Wide and Fund Financial Statements

1. Government-Wide Financial Statements

Government-wide financial statements include two basic financial statements: the Statement of Net Position and the Statement of Activities. The two statements report the State's governmental activities separately from its business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Fiduciary funds and fiduciary-type component units are excluded from the government-wide financial statements.

The Statement of Net Position presents the reporting entity's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Net Position is reported in three categories:

Net Investment in Capital Assets consists of capital assets less accumulated depreciation, plus capital-related deferred outflows of resources, less capital-related deferred inflows of resources, and less outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Position results when constraints placed on net position are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position consists of net position that does not meet the definition of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are reported as general revenue.

2. Fund Financial Statements

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

1. Measurement Focus and Basis of Accounting

These financial statements are reported in conformity with generally accepted accounting principles (GAAP) unless otherwise noted on the face of the statement or in the Notes to the Financial Statements. GAAP basis reporting differs considerably in some ways from the budgetary and cash basis accounting under which the State budgets and operates.

a. Accrual Basis

Under GAAP, the government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Agency funds, however, do not have a measurement focus. Revenues are recognized and recorded when earned and expenses are recorded when a liability is incurred for exchange and exchange-like transactions, regardless of the timing of cash flows. For nonexchange transactions, revenues and expenditures and related assets and liabilities are recognized as required by GASB Statement No. 33, as amended by GASB Statement No. 65. For derived nonexchange transactions, receivables and revenues are recognized when the underlying exchange has occurred. For imposed nonexchange transactions, receivables are recognized when an enforceable legal claim has arisen. Revenues are recognized when resources are required to be used or the first period that use is permitted.

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Property taxes are recognized as revenues in the year for which they are levied. For government mandated nonexchange revenues such as grants, GAAP require the recognition of assets, revenues, liabilities, and expenditures when all eligibility requirements have been met. Resources received before time requirements are met, but after all other eligibility requirements have been met, are reported as deferred inflows of resources. Agency funds, fiduciary in nature, do not recognize revenues and expenditures.

Proprietary funds report operating revenues and expenses separately from non-operating items. Operating items generally result from producing and delivering goods and services that are a normal part of the primary business of the fund. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

b. Modified Accrual Basis

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Recognition criteria are different for exchange and nonexchange transactions. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers tax revenues and court settlements to be available if they are collected within sixty days of the end of the fiscal period. Revenues that the State earns by incurring obligations are recognized in the period when all applicable eligibility requirements have been met and the resources are available. The State considers revenues earned by incurring obligations to be available if they are collected within sixty days of the end of the fiscal period.

For exchange and exchange-like transactions in governmental fund financial statements, revenues are recognized when measurable and available to finance operations during the year or if available to liquidate liabilities existing at the end of the year. Expenditures are recognized when the related fund liability is incurred, except for items that are not expected to be liquidated with expendable available resources, such as debt service, the long-term portion of compensated absences payable, and claims and judgments. The State uses sixty days after fiscal year end as the availability criteria for the recognition of revenues in governmental funds.

For nonexchange transactions, revenues and expenditures and related assets and liabilities are recognized as required by GASB Statement No. 33, as amended by GASB Statement No. 65. For income taxes, general sales taxes, utility taxes, insurance premium taxes, general use taxes, gasoline taxes, motor fuels tax, electric public utility tax, and other derived nonexchange transactions, revenues are recognized when the underlying exchange has occurred and the resources are available. For property taxes, business privilege tax, and other imposed nonexchange transactions, receivables are recognized when an enforceable legal claim has arisen. Revenues are recognized when resources are required to be used or the first period that use is permitted and the resources are available. For property taxes, revenues are recognized if received within sixty days; otherwise, deferred inflows of resources are reported. For federal grants and other government mandated nonexchange revenues, assets, revenues, liabilities, and expenditures are recognized when all eligibility requirements have been met and (for revenues) resources are available. Deferred inflows of resources are reported until the revenue becomes available. For reimbursement-type federal grants, eligibility requirements are met when recipients incur allowable costs, not when those costs are submitted for reimbursement.

Material accruals are for income taxes, general sales taxes, utility taxes, insurance premium taxes, general use taxes, gasoline taxes, motor fuels tax, electric public utilities tax, property taxes, business privilege tax, nursing facility tax, pharmaceutical services tax, federal grants, oil and gas royalties, investment sales receivables, and interest.

2. Financial Statement Presentation

a. Major Funds

The State reports six major governmental funds. The **General Fund** is the State's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund. The **Education Trust Fund** accounts for the revenues collected for the support, maintenance, and development of public education in Alabama. General sales and uses taxes, income taxes, and utilities taxes are the primary revenues restricted to this fund. The **Alabama Trust Fund** consists of income from the sale or lease of rights for offshore exploration and drilling for oil and gas off the Alabama coast. Investment income earned on the trust balance is used to support the General Fund, Forever Wild Land Trust, and a variety of capital projects and debt service. **Medicaid** accounts for the portion of the Medicaid program that is funded by Federal revenues and Medicaid provider taxes. The **Public Road and Bridge Fund** accounts for funds used to construct and maintain public highways. Revenues in the fund consist of federal revenues, gasoline taxes, and other motor fuel taxes. The **Public Welfare Trust Fund** accounts for the administration of a broad range of social and protective services programs that provide financial assistance to individuals. Revenues restricted to the fund include federal revenues, property taxes, and liquor and wine taxes.

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The State reports four major enterprise funds. The **Unemployment Compensation Trust** accounts for the activities of the federal unemployment insurance program including employer contributions, Federal Unemployment Trust advances, and benefit claims to the unemployed. The **State Port Authority** was created to engage in promoting, developing, constructing, maintaining, and operating harbors, seaports, and river ports within the State of Alabama. The **Alabama Community College System** accounts for the revenues and expenses of the State's Community and Technical Colleges, the Alabama Technology Network, and Marion Military Institute. The **Alcoholic Beverage Control Board** was created to control alcoholic beverages through distribution, licensing, and enforcement.

b. Nonmajor Funds
The State reports a number of nonmajor governmental funds, proprietary funds, and fiduciary funds.

Governmental Fund Types:
Special Revenue Funds account for the proceeds of specific revenue resources that are restricted or committed to specified purposes other than debt service or capital projects. Examples include public health, education, and corrections.

Debt Service Funds account for financial resources that are restricted, committed or assigned to expenditures for governmental debt principal and interest.

Capital Projects Funds account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition, construction, and improvement of major general governmental capital assets.

Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry.

Proprietary Fund Types:
Enterprise Funds report the activities for which fees are charged to external users for goods or services such as health insurance.

Internal Service Funds provide goods or services primarily to other agencies or funds of the State, rather than to the general public. Examples include information technology, telecommunications, office building rentals, and the State Motor Pool. In the government-wide statements, internal service funds are included with governmental activities. Eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity on the government-wide financial statements.

Fiduciary Fund Types:
Pension and Other Employee Benefit Trust Funds account for resources that are restricted or held in trust for the members and beneficiaries of the State's defined benefit pension plans, deferred compensation plans, individual retirement accounts, post-employment health care plans, and flexible employees' benefit plans. The defined benefit pension plans include plans for state employees, state police, some city and county employees, teachers, judges, peace officers, state dock employees, and circuit clerks of the courts.

Private Purpose Trust Funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The State's largest private purpose funds are education related for either college tuition benefits or local public schools. There are three endowment funds established by private citizens that the State manages as trustee for local school systems and reports as Local Education Endowments. The Foundation for Local Schools was established so that the Retirement Systems of Alabama can use its investing expertise to get maximum return on investments for numerous small local school foundations and trusts.

Agency Funds report assets and liabilities for deposits and investments entrusted to the State as an agent for others. The State has agency funds that account for some taxes collected, payroll withholdings, child support payments, cash bonds, and other purposes.

D. Fiscal Year

The State fiscal year ends on September 30. One nonmajor component unit, the Alabama Space Science Exhibit Commission, has the power to set its own fiscal year (*Code of Alabama 1975*, Section 41-10-307, as amended). The Commission has set its fiscal year to end on the last Sunday in September. The difference in fiscal years has no material effect on the financial statements.

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E. Assets, Liabilities, Deferred Outflows and Deferred Inflows, and Net Position and Fund Balances

1. Cash and Cash Equivalents

Cash and Cash Equivalents, as reported on the financial statements (the government-wide and the fund financial statements), are under the control of the State Treasurer or other administrative bodies as determined by law. The cash in all funds operating from the State Treasury is pooled as treasury cash and invested by the State Treasurer. The State Treasurer has statutory authority to deposit treasury cash in any available bank product in any bank or savings association that is a qualified public depository and that has been designated as a state depository according to law, so long as the bank or savings association agrees to pay interest on the money. Also, the State Treasurer may invest in 1) bonds, notes, or treasury bills of the United States or in obligations of any agency or instrumentality of the United States of America, including but not limited to the Federal Land Bank, Federal Home Loan Bank, Federal National Mortgage Association, Federal Intermediate Credit Bank, banks for cooperatives, Resolution Trust Corporation, or any of its other agencies, or in any other obligations guaranteed as to principal and interest by the United States, or in money market mutual funds which invest solely in securities otherwise authorized by law; 2) obligations of the United States or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself; and 3) commercial paper with the highest quality credit rating at the time of purchase and in banker's acceptances. All of the cash and investments in the State Treasury cash management pool are reported as cash and cash equivalents because the pool is used essentially as a demand deposit account. Commercial paper is reported as an investment regardless of the original maturity date. For funds operating outside the State Treasury, cash and cash equivalents generally include demand deposit accounts, petty cash accounts, and short-term, highly liquid investments with a maturity date of three months or less when purchased.

2. Receivables

In the government-wide and governmental fund financial statements the largest receivables are amounts due from other governments. More than half is due from local governments, primarily for long term loans made by the Alabama Public School and College Authority. The rest consists of grants and reimbursements due from the federal government where collectability is reasonably assured. All receivables are recorded net of allowance for uncollectible accounts.

The second largest receivables are taxes receivable, the largest of which are for income taxes, general sales taxes, utility taxes, insurance premium taxes, general use taxes, gasoline taxes, motor fuels taxes, oil and gas production privilege tax, and property taxes as required by GASB Statement 33.

The property tax calendar for the State is simple. The levy date, the assessment date, and the lien date are all the same date – October 1. On October 1, the assessed value of all property is multiplied by the applicable rates to levy the property tax. On that date, the State has a lien (a legal claim) against the property. The property tax is not due until October 1 the following year. The property tax is paid in arrears between October 1 and December 31. After December 31, it is delinquent.

The most significant Accounts Receivable is recorded in the Alabama Trust Fund for oil and gas royalties earned on natural gas produced in Alabama's offshore waters. The primary government has minimal amounts of Notes and Loans Receivable, as such agreements would constitute an illegal extension of credit by the State for any fund operating from the State Treasury. Investment Sales Receivable consists of amounts receivable for investments sold but the transaction was not settled before year-end.

For component units, the largest portion of Mortgages, Notes, and Loans Receivable consists of loans made by the Alabama Housing Finance Authority. The mortgage loans of the Authority are carried at their unpaid principal balances less an allowance for loan losses. Also included in this category are student loans owed to various State universities. The loans are reported net of an allowance for uncollectible loans.

Due from Other Governments as reported for the component units consists almost entirely of amounts owed by local governments. Most of the amount consists of loans made to local governments by the Water Pollution Control and Drinking Water Finance Authorities. Accounts Receivable as reported for the component units are comprised primarily of amounts owed to State universities.

3. Interfund Activity and Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as either Due To Other Funds or Due From Other Funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as Internal Balances. Receivables and payables involving fiduciary funds are presented as accounts payable or receivable on the government-wide Statement of Net Position.

Eliminations have been made to minimize the double-counting of internal activity, including internal service fund type activity on the government-wide financial statements. However, interfund services, provided and used between different functions, have not been

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eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Transfers between governmental and business-type activities are reported at the net amount on the government-wide financial statements.

In the fund financial statements, transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund. Reimbursements of expenditures/expenses made by one fund for another are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund. Transfers represent flows of assets between funds of the primary government without equivalent flows of assets in return and without a requirement for payment.

4. Inventories

Inventories of supplies in governmental fund financial statements are reported at cost using the purchases method. An inventory asset account is reported on the balance sheet with an offset to Nonspendable Fund Balance. Inventories of materials and supplies on proprietary fund financial statements are determined by both physical counts and through perpetual inventory systems and are valued at the lower of cost or market. Valuation methods used on the proprietary and governmental fund financial statements include first-in first-out, average cost, weighted average, and retail inventory method.

5. Investments

Most investments are required to be measured at fair value per GASB Statement No.72, Fair Value Measurement and Application. Money market investments and participating interest-earning contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, bankers' acceptances, and U.S. Treasury and agency obligations. The other investments that are not reported at fair value are common stock using the equity method if the government has significant influence over the operating and financial policies of the investee, investments held by 2a7-like external investment pools, investments in 2a7-like pools measured at the NAV per share provided by the pool, nonparticipating interest-earning investment contracts, nonparticipating unallocated insurance contracts, synthetic guaranteed investment contracts that are fully benefit-responsive, and life insurance contracts.

6. Restricted Assets

Assets required to be held and/or used as specified in bond covenants, other debt agreements, donor specifications, and court settlements have been recorded as "Restricted Assets." These assets consist primarily of cash and cash equivalents, U.S. Treasury obligations, certificates of deposit and mutual funds.

7. Capital Assets

Capital assets, including buildings, land, equipment, intangibles, and infrastructure (e.g., roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Most capital assets are defined by the State as having an initial cost of at least $15,000 and have initial useful lives extending beyond a single reporting period. Real Property must have an initial cost of at least $250,000. Software and other intangibles must have an initial cost of at least $1,000,000. Proprietary funds can set lower thresholds in accordance with business needs. Capitalized assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements Other than Buildings	25
Equipment	5-12
Software	10

Land, infrastructure, construction in progress and historical artifacts are not depreciated. The State has elected to apply the modified approach to accounting for infrastructure (e.g., roadways, bridges, and tunnels). Under this approach, the infrastructure assets are not depreciated because the State is committed to maintaining the assets at a minimum condition level that the Department of Transportation (ALDOT) has determined to be adequate to meet the needs of the citizens. Costs for maintenance and preservation are expensed in the period incurred. Additions and improvements are capitalized. The ALDOT maintains an inventory of all infrastructure assets and performs regular condition assessments of those assets to establish that they are in fact being maintained at or above the condition level established. ALDOT also makes an annual estimate of the cost necessary to maintain and preserve those

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infrastructure assets at the target condition level. The cost of infrastructure reported includes historical costs from 1980 to the present as required by GASB Statement No. 34 as well as historical costs preceding 1980.

Extensive project documentation is required to meet various Federal and State guidelines concerning the construction of infrastructure. The completeness of this documentation affects the timing of project capitalization. The State capitalizes road and bridge infrastructure annually when all costs for a project are incurred and all project documentation is satisfactorily completed, filed and accepted with the appropriate entities. Projects that meet the cost and documentation criteria are closed and appropriate entries are made to adjust the Infrastructure Construction in Progress and Infrastructure asset accounts annually. Due to the documentation requirements, there can be substantial time lags between the date a project is put into service on the State's roadway network and the date the project is capitalized. A significant portion of Infrastructure Construction in Progress consists of projects that have been put into service and maintenance costs could have been incurred.

8. Compensated Absences

Employees in permanent positions accrue annual leave at a rate of four hours and twenty minutes to nine hours and forty-five minutes semi-monthly, depending upon their length of service. Upon separation from service, an eligible employee is paid for the actual number of annual leave days he has earned, up to a maximum of sixty days, with the amount being computed on the basis of his daily pay rate at time of separation multiplied by the number of days leave due.

Sick leave is accrued at a rate of four hours and twenty minutes semi-monthly. Employees may accumulate up to a maximum of 150 days sick leave. Employees may be compensated for one-half of the maximum accrued sick leave only upon retirement from state service. The employee must have twenty-five years of service or have attained the age of 62 and have ten years of service to be eligible to retire. State Troopers must have twenty-five years of service or have attained the age of 52 and have ten years of service to be eligible to retire. If a state employee in the classified service dies while in active service to the State, the estate of the deceased employee receives a payment of fifty percent of the accrued and unused sick leave, not to exceed 600 hours, which the employee was credited with at the time of his or her death.

The monetary value of accumulated annual and sick leave payable upon termination or retirement is included in the government-wide statement of net position, proprietary fund financial statements, and fiduciary fund financial statements. In the governmental fund financial statements, amounts reported are for unused, matured leave amounts payable to employees whose employment was terminated by September 30. These amounts are paid to the employees during the first month after the end of the fiscal year so those actual payments were used to compute the amount payable. Amounts not payable from expendable available resources (long-term liabilities) are reported in the government-wide Statement of Net Position.

The liability for compensated absences was computed using salary rates effective at fiscal year-end including the employer's share of social security and Medicare taxes payable and represents annual and sick leave earned up to the allowable ceilings. The sick leave is calculated separately for vested and non-vested employees. Sick leave is subjected to an actuarially determined probability multiplier that the employee will remain to retire and collect sick leave. The probability multipliers are as follows:

	Vested	Non-vested
Public Education Employees	85.8%	47.8%
State Employees	82.1	37.0

9. Long-Term Obligations

Long-term debt is recognized as a liability in governmental fund financial statements when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a liability in governmental fund financial statements. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds in the proprietary fund financial statements.

10. Deferred Outflows and Deferred Inflows

Deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources in the current period. Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until then.

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11. Net Position and Fund Balances

As discussed previously, net position on the government-wide financial statements and the proprietary fund financial statements are reported in three categories: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position.

Fund balances reported in the governmental fund financial statements are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either 1) not in spendable form, such as inventory and long term receivables; or 2) legally and contractually required to be maintained intact, such as the principal of a permanent fund. Restricted fund balances have constraints placed on the use of the resources that are either 1) externally imposed by creditors, grantors, contributors, or laws of other governments or 2) imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts constrained by formal action of the State's highest decision-making authority. The authorization should have the consent of both the legislative and executive branches of government. Commitments may be changed or lifted only through an equivalent formal high level action. Commitments are not considered to be legally enforceable by an external party. External parties such as citizens or the judiciary can compel the State through legal action to honor restrictions but not commitments. The State does not have any policy or procedure for establishing committed fund balances and none are reported in these financial statements. Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes. Assigned fund balances include 1) all remaining non-negative amounts reported in governmental funds other than the General Fund and 2) amounts in the General Fund that are constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the State legislature or by its delegation to a State official. The State Finance Department, under the legal authority of the State Finance Director, has established Fiscal Policies and Procedures which enable agency heads to establish assigned amounts. Unassigned fund balance is the residual classification and only the General Fund can report a positive unassigned fund balance. Negative unassigned fund balance can be reported in any governmental fund if expenditures incurred for specific purposes exceeded the amount restricted, committed or assigned to those purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the State's policy to spend unrestricted fund balance before restricted. Unrestricted fund balance is considered spent in the following order: unassigned, assigned, committed.

F. New Accounting Pronouncements

During the current fiscal year, the State implemented the following new accounting pronouncements:

- GASB Statement 72: Fair Value Measurement and Application
- GASB Statement 73: Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (except for the requirements of this Statement for pensions that are provided through pension plans that are not administered through trusts that meet the criteria in paragraph 4)
- GASB Statement 76: The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments
- GASB Statement 79: Certain External Investment Pools and Pool Participants (except for the provisions in paragraphs 18, 19, 23-26, and 40)

NOTE 2 - FUND BALANCES/NET POSITION

A. Restricted Net Position

The Government-wide Statement of Net Position reports $7.8 billion of restricted net position for the primary government, of which $408,250,000 is restricted by enabling legislation.

B. Restatements

Fund Balances and Net Position as of October 1, 2015 have been restated for prior period adjustments necessary to conform to GAAP. Included in those restatements are differences resulting from the implementation of *Governmental Accounting Standards Board Statement 72 (GASB 72). GASB 72* addresses fair value measurement for investments and capital assets.

Nonmajor governmental funds were stated differently by $1,547,000. That difference consists of $1,000,000 for an understatement of cash and cash equivalents and $547,000 for an overstatement of amounts due to other funds.

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On the government-wide financial statements, beginning net position for governmental activities was restated from $19,503,137,000 to $19,513,758,000, an increase of $10,621,000. That amount includes all of the restatements discussed in the previous paragraph. Also included in this restatement is $2,926,000 for an understatement of governmental capital assets, and $6,148,000 for internal service fund restatements. The internal service fund restatements included ($410,000) for an overstatement of cash, ($85,000) for an overstatement of other current assets, $5,878,000 for an understatement of capital assets, $557,000 for an overstatement of other long-term liabilities, and $208,000 for an overstatement of accounts payable.

Beginning net position for business activities was restated from $1,423,153,000 to $1,418,240,000, a change of ($4,913,000). The Alabama College System was restated ($1,339,000), consisting of $172,000 for an understatement of capital assets, and ($1,511,000) for an understatement of unearned revenue. Nonmajor enterprise funds were stated differently by ($3,574,000), which included ($1,672,000) overstatement of cash and cash equivalents for the Military Department, and ($547,000) overstatement of amounts due from other funds and ($1,355) overstatement of other current assets for the State Insurance Fund.

Proprietary fund net position was restated from $1,533,716,000 to $1,534,951,000, an increase of $1,235,000. That amount consists of the ($4,913,000) discussed in the previous paragraph along with a change of $6,148,000 that occurred in internal service funds that was discussed two paragraphs above.

Component units were restated from $7,963,851,000 to $8,011,899,000, a change of $48,048,000. Of the total change, $43,440,060 was for *GASB 72* restatements. The University of Alabama, a major component unit, was restated $14,582,060 for *GASB 72* and $3,406,940 was restated for due to Primary Government. Auburn University, a major component unit, was restated $28,858,000 for *GASB 72*. Nonmajor component units were restated $1,201,000.

Alabama State University, a nonmajor component unit, was restated $87,000 to record a certificate of deposit that was previously unrecorded. Alabama Agricultural and Mechanical University, a nonmajor component unit, was restated $4,416,000 for adjustments to capital assets. Jacksonville State University, a nonmajor component unit, was restated $844,000 for the net original issue discount related to the 2009 Tuition and Fee Revenue Bonds and to account for a depreciation expense error. The University of North Alabama, a nonmajor component unit, was restated ($1,327,000) to adjust certain prepaid ($986,000) and utilities ($341,000) expenses that were not expensed in proper period. The University of West Alabama, a nonmajor component unit, was restated $887,000 to reconcile differences between *GASB 68* calculations. The Historical Commission, a nonmajor component unit, was restated $396,000 to record Coca-Cola common stock that was received in December of 2008 but never recorded. Alabama Institute for the Deaf and Blind, an other nonmajor component unit, was restated ($4,106,000) for adjustments to accounts payable, capital assets and accounts receivable. Athens State University, an other nonmajor component unit, was restated $4,000 for adjustments to assets.

C. Fund Balance/Net Position Deficits

1. Primary Government

The State Port Authority and the Alabama Community College System, both major proprietary funds, had a deficit in unrestricted net position of $21,506,000 and $98,052,000, respectively. These deficits were caused mainly by both agencies accrual of net pension liabilities. The net pension liability for the Port Authority was $26,520,000, and the College System's was $481,333,000.

The Alcoholic Beverage Control Board, a major proprietary fund, had a deficit in unrestricted net position of $84,605,000 with a total net position deficit of $82,052,000. The deficits are largely due to the accrual of liabilities for net pension liability, compensated absences, salaries payable, other post-employment benefits, and profits currently due to other funds. The Board, by law, operates on a cash basis and is required to distribute 100 percent of its profits as transfers to other funds.

The Medicaid Fund, a major governmental fund, had a deficit unassigned fund balance of $51,632,000. The deficit is the result of the accrual of claims outstanding at September 30, 2016. The expense is recognized in fiscal year 2016 along with a receivable for the federal share of the claims. The State matching money will not be available until fiscal year 2017 when the claims are paid.

The University of South Alabama, a major component unit, had a deficit in unrestricted net position of $56,544,000 due to an accrued net pension liability of $333,381,000. The University had a positive balance in total net position of $572,902,000.

The Telecommunications Fund, an internal service fund, had a deficit in unrestricted net position of $11,928,000 as well as a negative total net position of $6,769,000. The fund accrued a net pension liability of $16,926,000, resulting in the negative balances.

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The Service Division, an internal service fund, had a deficit in unrestricted net position of $139,000. The deficit is caused by an other post-employments benefits accrual of $652,000, and an accrual for net pension liability of $1,304,000. The overall Net Position is a positive $1,359,000.

The Motorsports Hall of Fame, a nonmajor enterprise fund, had a deficit in unrestricted net position of $36,000. The deficit is caused by an other post-employments benefits accrual of $37,000, and an accrual for net pension liability of $80,000. The overall Net Position is a positive $1,690,000.

2. Component Units

The following nonmajor component unit institutions had deficits in unrestricted net position driven by accruals of net pension liability: Alabama State University had a deficit of $67,627,000, with a net pension liability accrual of $80,698,000. Alabama Agricultural and Mechanical University had a deficit of $52,681,000, with a net pension liability accrual of $75,117,000. Jacksonville State University had a deficit of $25,880,000 and a net pension liability accrual of $77,073,000. The University of North Alabama's deficit was $28,583,000 driven by a net pension accrual of $66,978,000. The University of Montevallo had a deficit of $5,627,000 with an associated net pension liability of $41,539,000. The University of West Alabama had a deficit of $20,355,000 and a net pension accrual of $36,238,000. Lastly, the Alabama Historical Commission had a deficit in unrestricted net position of $2,685,000 driven by a net pension liability accrual of $4,645,000. All of these institutions had a positive total net position with the exception of West Alabama ($4,626,000).

The following other nonmajor component unit institutions had deficits in unrestricted net position driven by accruals of net pension liability: Alabama Institute for the Deaf and Blind had a deficit of $12,749,000, with a net pension liability accrual of $57,271,000. Athens State University had a deficit of $7,724,000, with a net pension liability of $25,582,000. Marine Environmental Sciences Consortium's deficit was $4,193,000, and their net pension liability was $6,692,000. All of these institutions had positive total net positions.

The Space and Science Exhibit Commission, an other nonmajor component unit, had a deficit in unrestricted net position of $9,185,000. The main factor leading to the negative balance is the Commission's large liability for revenue bonds payable of $9,999,000. The Commission has a positive total net position of $28,600,000.

The Historic Ironworks Commission, an other nonmajor component unit, had a deficit in unrestricted net position of $1,087,000 with a net pension liability accrual of $922,293. However, the fund had a positive balance in overall net position of $1,513,000.

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D. Governmental Fund Restricted Fund Balances

(Amounts in Thousands)

Economic Development and Regulation	
Economic Development Incentives	$ 103,847
Economic Regulation Programs	88,253
Total Economic Development and Regulation	192,100
Education and Cultural Resources	
Alabama Public School and College Authority	128,998
Local Schools	68,718
Industrial Training	57,238
Education Budget Stabilization	118,507
Education Trust Fund	486,762
Other	41,086
Total Education and Cultural Resources	901,309
Natural Resources and Recreation	
Department of Conservation	51,597
Forever Wild Land Trust	36,360
Other	6,141
Total Natural Resources and Recreation	94,098
Health	
Health Department	65,049
Medicaid	10,487
Mental Health	75,439
Environmental Management	48,468
Other	492
Total Health	199,935
Social Services	
Department of Human Resources	42,778
Rehabilitation Services	21,119
Veterans	129,314
Employment Security	20,511
Other	6,798
Total Social Services	220,520
Protection of Persons and Property	
Professional and Occupational Licensing	56,399
Law Enforcement and Investigations	71,291
Agricultural Products Oversight	27,695
Mine Reclamation	8,965
Youth Services	18,972
911 Service	17,371
Other	15,607
Protection of Persons and Property	216,300
Transportation	
Highway Equipment Replacement	40,527
State Roads and Bridges	408,434
Local Government Transportation Programs	1,767
Airfields	15,396
Total Transportation	466,124
General Government	
County and Municipal Capital Improvements	463,151
Judicial System	18,473
Financial Administration	127,010
Local Government Programs	37,557
Other	62,542
Total General Government	708,733

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E. Education Trust Fund Budget Stabilization Fund

The Rolling Reserve Act (Act 2011-003, as amended by Act 2015-538) created an Education Trust Fund Budget Stabilization Fund. This fund will generally be used to reduce any future proration in the Education Trust Fund (ETF). The Education Trust Fund Rainy Day Account within the Alabama Trust Fund has been repaid in full; therefore, the ETF Budget Stabilization Fund and the ETF Advancement and Technology Fund receive money when the ETF has revenues in excess of an appropriation cap defined in the Act. The cap is the sum of recurring revenues deposited into the ETF in the last completed fiscal year preceding the calculation year adjusted up or down by: (1) the average annual percentage change in recurring revenues for the 14 highest of the 15 completed fiscal years preceding the date on which the calculation is made; (2) if legislation is enacted that will increase recurring revenues deposited into the ETF, an amount equal to 95 percent of the fiscal note attached to the legislative act is added to the cap; (3) if legislation is enacted that will decrease recurring revenues deposited into the ETF, the negative impact, based on the enacted fiscal note is subtracted from the cap; (4) any nonrecurring revenue; and (5) the amount required to be appropriated from the ETF to the Prepaid Affordable College Tuition Trust Fund. The Finance Director and the Legislative Fiscal Officer must certify their computation of the cap at the same time as the certification required by Amendment 803 to the Constitution of Alabama of 1901 (prior to the third day of each Regular Session). The Legislature may appropriate from the ETF Budget Stabilization Fund an amount equal to the difference between the preceding fiscal year's total appropriations from the ETF and the cap. Except as provided in the previous sentence, amounts in the ETF Budget Stabilization Fund may be withdrawn only to prevent proration in the ETF. The Governor must certify to the State Comptroller and notify the Legislature that proration would occur in the ETF before funds may be withdrawn. The ETF Budget Stabilization Fund has a balance of $119 million at the end of fiscal year 2016.

NOTE 3 - ASSETS

A. Cash Deposits

The State Treasurer has statutory authority to deposit treasury cash in any available bank product in any bank or savings association that is a qualified public depository and that has been designated as a state depository according to law.

Bank deposits of both the primary government and its component units are entirely insured by Federal depository insurance or protected under the Security for Alabama Funds Enhancement (SAFE) Program. The *Code of Alabama 1975,* as amended, requires all State organizations, including component units, to deposit monies in a bank that participates in the SAFE Program. The SAFE Program is a multiple financial institution collateral pool administered by the State Treasurer. Each qualified public depository is required to pledge collateral in accordance with the rules established by the SAFE Board of Directors. In the event that a qualified public depository defaults or becomes insolvent and the pledged collateral is insufficient to satisfy the claims of public depositors, the *Code of Alabama 1975,* Section 41-14A-9(3) authorizes the State Treasurer to make assessments against the other qualified public depositories in the pool so that there will be no loss of public funds. Also, all other public funds not managed by the State Treasurer are required to be deposited in a qualified public depository or placed through a qualified public depository which arranges for the funds to be deposited in federally insured banks or savings associations so that the funds and accrued interest earned on them are fully insured by the Federal Deposit Insurance Corporation and, at the same time, the qualified public depository receives or is credited with deposits from other banks or savings associations in an amount equal to or greater than the amount it arranged to be deposited in other banks and savings associations.

B. Investments

Investments are made in accordance with the statutes creating the various agencies of the State of Alabama. The following describes the investments made by the major investing agencies of the State:

1. Primary Government

State Treasurer - The State Treasurer may legally invest state funds in 1) bonds, notes, or treasury bills of the United States or in obligations of any agency or instrumentality of the United States of America, including but not limited to the Federal Land Bank, Federal Home Loan Bank, Federal National Mortgage Association, Federal Intermediate Credit Bank, banks for cooperatives, Resolution Trust Corporation, or any of its other agencies, or in any other obligations guaranteed as to principal and interest by the United States, or in money market mutual funds which invest solely in securities otherwise authorized by law; 2) obligations of the United States or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself; 3) commercial paper with the highest quality credit rating at the time of purchase and in bankers' acceptances; 4) money market mutual funds which invest solely in securities noted above; 5) direct obligations of the State of Israel; and 6) interest earning bank deposits.

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Alabama Trust Fund – Investments are limited to those authorized by law for the Retirement Systems of Alabama. The investments authorized for the Retirement Systems are described later in this section.

Prepaid Affordable College Tuition (PACT) Program - The State is responsible for the management of the investments of the PACT program, although the investments are not property of the State. The funds may be invested in any instrument, obligation, security or property that constitutes legal investments for investment of public funds in the State, including legal investments of the State Treasurer and the Alabama Trust Fund that are deemed most appropriate by the PACT Board.

Alabama College Education Savings (ACES) Plan – The Board of Trustees administers the program. The Board of Trustees has entered into a contract with UBT 529 Fund Services (Union Bank), a division of Union Bank and Trust Company. Union Bank is the Program Manager and the Board of Trustees has delegated day to day administration to the State Treasurer. The investment alternatives are made available through investment portfolios each of which represents a separate, segregated portfolio of investments in mutual funds.

2. Fiduciary Funds

Retirement Systems of Alabama (RSA) - The RSA administers the Teachers' Retirement System (TRS), Employees' Retirement System (ERS), and Judicial Retirement Fund (JRF). RSA may invest in any types of investments that the Board of Control of each individual system approves. Each Board is limited only by the "Prudent Man Rule" which requires it to use due care, skill, prudence, and diligence under the prevailing circumstances that a prudent man acting in a like capacity and familiar with such matters would use in investing.

Deferred Compensation Plan (RSA-1) – A deferred compensation plan is administered by the Retirement Systems of Alabama (RSA). The plan is named the Public Employees' Individual Retirement Account/Deferred Compensation Plan, and is commonly referred to as RSA-1. By law, RSA-1 investments are made under the same rules, regulations, conditions, and guidelines governing the RSA.

3. Component Units

Alabama Housing Finance Authority - The Authority is authorized to invest in bonds or other obligations issued or guaranteed by the U.S. Government, or any agency thereof, or the State of Alabama. In addition, the Authority may invest in interest-bearing bank and savings and loan association deposits, any obligations in which a State-chartered savings and loan association may invest its funds, any agreement to repurchase any of the foregoing, or any combination thereof. Each of the trust indentures established under the Authority's mortgage revenue bond programs contain further restrictions on the investment of non-expended bond proceeds; however, each trust indenture must be consistent with the Authority's authorizing legislation with respect to the definition of eligible investments. The Authority's program investments consist of Government National Mortgage Association (GNMA) or Federal National Mortgage Association (FNMA) pass-through certificates, all of which are pledged as security for the mortgage revenue bonds.

Other investments include temporary and debt service reserve funds established under the provisions of various trust indentures, and investments of the Authority's general and housing assistance funds.

Investments Made by Colleges and Universities - The colleges and universities invest funds in accordance with the applicable limits set forth in the gift instruments, Board of Trustees guidelines, or other applicable laws. Certain bond indentures require that the bond funds invest all amounts in federal securities or eligible certificates. In accordance with GASB Statement No. 31, most investments are stated at fair value.

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The State's investments at September 30, 2016, are as follows:

Investment Types and Fair Value
(Amounts in Thousands)

Investment Types	Governmental Activities	Business-Type Activities	Fiduciary Funds (including Fiduciary Component Units)	Discretely Presented Component Units
U S Treasury Strips	$ 17,654	$ 4,949	$ 8,649	$ 1,656
U S Government Guaranteed Securities	803,354	14,547	1,662,820	688,762
U S Agency Securities	346,293	19,059	389,547	991,786
State and Local Government Securities	11,303	157	10,830	26,628
Mortgage Backed Securities	317,390	1,065	972,628	192,408
Commercial Paper	30,997	160	728,754	1,093
Corporate Bonds	311,041	10,218	2,691,852	260,158
Private Placements	86,471	-	3,523,900	324,781
Repurchase Agreements	52,299	13,362	-	-
International Bonds	14,913	16	82	145,770
Bond Mutual Funds	392,052	538	1,427,827	1,075,564
Domestic Equities	1,095,639	29,745	19,089,064	477,662
International Equities	564,586	486	4,278,012	57,277
Other Mutual Funds	74,991	60,571	1,017,340	655,891
Real Estate	268,918	252	3,464,869	176,074
Commingled Funds	113,825	-	-	2,100,666
Derivative Instruments	(1,087)	-	-	1,210
Guaranteed Investment Contracts	100,612	-	247,590	-
	$ 4,601,251	$ 155,125	$ 39,513,764	$ 7,177,386
Reconciliation to the Government-wide Statement of Net Position and Statement of Fiduciary Net Position				
Investments Per Investment Note	$ 4,601,251	$ 155,125	$ 39,513,764	$ 7,177,386
Certificates of Deposit †	31,747	89,871	692	32,670
Money Market Accounts - Savings †	342,606	8,165	5,198	136,213
Other Cash Equivalents †	(752,237)	3,837	(68,965)	(49,570)
Investments Classified as Restricted Assets †	(1,312)	-	-	-
Repurchase Agreements ††	(52,299)	-	-	-
Foundations and pooled investments §	-	-	-	198,409
Investments per Statements	$ 4,169,756	$ 256,998	$ 39,450,689	$ 7,495,108

† Investment types not required to be presented in the investment credit note.

†† Short-term repurchase agreements are included as cash equivalents; however, these investments are subject to investment risk disclosures.

§ University foundations follow the investment reporting requirements of the FASB and are not subject to GASB disclosure requirements. For this reason some of the investment information is not available. Also, investments of affiliated entities are included in an investment pool. The investment information that is available is being disclosed.

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C. Investment Risks

1. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Nationally recognized statistical rating organizations provide ratings of debt securities quality based on a variety of factors, such as the financial condition of the issuers, which provide investors with some idea of the issuer's ability to meet its obligations.

The ratings of the State's investments as of September 30, 2016 are presented below.

Ratings of Fixed Maturities (Amounts in Thousands)

Moody's	Standard & Poor's	Governmental Activities	Business-Type Activities	RSA Fiduciary Component Units	Other Fiduciary Funds	Component Units
Aaa		$ 773,630	$ 21,695	$ 1,944,368	$ 994,675	$ 1,299,491
	AAA	10,080	401	-	247,590	84,048
Aa1		7,747	282	31,479	28,215	920
	AA+	11,437	-	-	703	-
Aa2		4,440	783	15,952	10,922	2,903
	AA	900	-	-	8,097	76,349
Aa3		15,048	1,434	54,382	13,966	1,538
	AA-	10,165	-	-	290	8,415
Aa		-	-	-	586	40,383
A1		22,793	1,443	164,734	73,513	3,681
	A+	2,396	-	-	-	-
A2		19,719	1,555	70,784	37,783	1,787
	A	6,581	84	-	-	125,091
A3		46,969	1,832	274,429	118,613	2,294
	A-	7,627	-	-	-	-
A		-	94	-	2,446	2,988
P2		30,997	-	707,255	21,499	-
Baa1		55,114	1,057	407,538	173,884	2,866
	BBB+	14,969	-	-	-	-
Baa2		61,751	253	315,715	122,725	2,603
	BBB	19,736	67	-	13,658	122,540
Baa3		50,498	264	213,819	92,364	1,987
	BBB-	30,128	-	-	-	-
Baa		-	-	-	-	37,439
Ba1		16,281	34	97,313	43,348	1,009
	BB+	1,674	-	-	-	-
Ba2		17,785	98	53,377	21,712	421
	BB	31,624	17	-	-	13,488
Ba3		19,977	-	-	-	-
	BB-	14,605	-	-	-	-
B1		38,257	-	30,050	13,551	396
B2		2,801	-	9,450	4,178	126
	B	475	-	-	4,370	6,170
B3		4,190	-	11,314	3,204	33
	B-	851	-	-	-	-
B		-	17	-	-	114
Caa1		2,006	-	-	-	-
Caa2		1,490	-	-	-	-
Caa3		972	-	-	-	-
Ca		1,460	-	-	-	-
	C	-	-	-	-	3,397
C		240	5	-	-	-
	D	540	-	-	-	-
U S Govt Guaranteed Securities §		1,072,086	18,165	-	106,957	664,358
Not Rated †		66,466	14,491	4,181,273	922,398	876,990
		$ 2,496,505	$ 64,071	$ 8,583,232	$ 3,081,247	$ 3,383,825

§ U S Govt rated Aaa (Moody's) and AA+ (Standard & Poor's)

† Consists primarily of private placements and bond mutual funds that are not rated.

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The investments allowed for Treasury monies are U.S. government or agency securities, repurchase agreements backed by U.S government or U.S. government agency securities, or mutual funds investing in U.S government or U.S. government agency securities. The U.S. government and U.S. government agency securities are rated Aaa or AA+. Bond mutual funds may or may not be rated. Bank of Israel bonds are not rated.

As mentioned earlier the investments of the Alabama Trust Fund are limited to those authorized for the Retirement Systems of Alabama. Domestic fixed-maturity investments may consist of rated or non-rated securities. International fixed-maturity investments may consist of securities with a rating of at least A by one of the principal rating agencies at the time of purchase or acquisition, except that up to 2 percent of the fair value of each System's total portfolio may be invested in obligations of sovereign countries with a rating of BBB or BAA at the time of purchase. The Systems may hedge against the possible adverse effects of currency fluctuations on each System's portfolio of international fixed income obligations when it is considered appropriate. Short-term investments may consist of commercial paper rated at least A-2 and/or P-2, repurchase agreements, short-term U.S. securities, and other money market investments.

2. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of those investments. The Treasurer's Office investment guidelines state that the maximum effective maturity of any purchase will be five years. Market accepted average life at time of purchase shall be used in lieu of final maturity for the purpose of maturity acceptability of mortgage-backed securities. Average effective duration should be plus or minus 30 percent of the index duration. The majority of the portfolio is benchmarked against the Barclays Capital 1 - 3 Year Government Index.

The fair value of fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those instruments. The fair value of interest sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, and other general market conditions. Certain fixed maturity investments have call provisions that could result in shorter maturity periods.

The investment policy of the Alabama Trust Fund states that the fixed income portfolio's average duration is not to exceed 1.5 times that of the benchmark index.

As of September 30, 2016, the State had the following investments and maturities:

Governmental Activities
(Amounts in Thousands)

	Maturity in Years at Fair Value				
Investment Type	**Less Than 1**	**1-5**	**6-10**	**More Than 10**	**Total Fair Value**
U S Treasury Strips	$ -	$ 13,237	$ 4,417	$ -	$ 17,654
Other U S Government Guaranteed Securities	137,285	503,393	68,287	94,389	803,354
U S Agency Securities	25,433	273,597	4,258	43,005	346,293
State and Local Government Securities	15	2,570	484	8,234	11,303
Mortgage Backed Securities	2,399	12,270	60,793	241,928	317,390
Commercial Paper	30,997	-	-	-	30,997
Corporate Bonds	20,995	94,883	106,456	88,707	311,041
Derivative Instruments	272	-	16	(1,375)	(1,087)
Repurchase Agreements	52,299	-	-	-	52,299
International Bonds	-	4,027	7,172	3,714	14,913
Private Placements	459	12,616	17,765	55,631	86,471
Bond Mutual Funds	388,007	2,105	1,197	743	392,052
Commingled Funds	-	24,515	89,310	-	113,825
Total	**$ 658,161**	**$ 943,213**	**$ 360,155**	**$ 534,976**	**$ 2,496,505**

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Business-Type Activities
(Amounts in Thousands)

Investment Type	Maturity in Years at Fair Value: Less Than 1	1-5	6-10	More Than 10	Total Fair Value
U S Treasury Strips	$ 563	$ 4,386	$ -	$ -	$ 4,949
U S Government Guaranteed Securities	2,616	11,306	575	50	14,547
U S Agency Securities	977	13,909	4,122	51	19,059
State and Local Government Securities	157	-	-	-	157
Mortgage Backed Securities	-	36	273	756	1,065
Commercial Paper	160	-	-	-	160
Repurchase Agreements	-	13,362	-	-	13,362
International Bonds	-	16	-	-	16
Corporate Bonds	1,132	8,698	142	246	10,218
Bond Mutual Funds	-	316	93	129	538
Total	**$ 5,605**	**$ 52,029**	**$ 5,205**	**$ 1,232**	**$ 64,071**

Retirement Systems of Alabama
(Fiduciary Component Units)
(Amounts in Thousands)

Investment Type	Maturity in Years at Fair Value: Less Than 1	1-5	6-10	More Than 10	Total Fair Value
U S Government Guaranteed Securities	$ 87,792	$ 416,952	$ 473,264	$ 49,638	$ 1,027,646
U S Agency Securities	34,716	125,042	86,340	-	246,098
Mortgage Backed Securities	9	15,917	20,484	618,179	654,589
Commercial Paper	707,255	-	-	-	707,255
Corporate Bonds	252,220	575,739	457,207	512,050	1,797,216
Private Placements	4,041	305,324	-	3,209,970	3,519,335
Bond Mutual Funds	631,093	-	-	-	631,093
Total	**$ 1,717,126**	**$ 1,438,974**	**$ 1,037,295**	**$ 4,389,837**	**$ 8,583,232**

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Other Fiduciary Funds
(Amounts in Thousands)

	Maturity in Years at Fair Value				
Investment Type	**Less Than 1**	**1-5**	**6-10**	**More Than 10**	**Total Fair Value**
U S Treasury Strips	$ 670	$ 7,980	$ -	$ -	$ 8,650
U S Government Guaranteed Securities	69,798	282,177	204,992	78,206	635,173
U S Agency Securities	20,879	78,691	43,878	-	143,448
State and Local Government Securities	2,600	1,350	3,540	3,340	10,830
Mortgage Backed Securities	416	9,853	7,758	300,013	318,040
Commercial Paper	21,499	-	-	-	21,499
Corporate Bonds	220,979	228,896	251,465	193,296	894,636
International Bonds	-	82	-	-	82
Private Placements	-	-	-	4,565	4,565
Bond Mutual Funds	307,035	159,662	330,037	-	796,734
Guaranteed Investment Contracts	247,590	-	-	-	247,590
Total	**$ 891,466**	**$ 768,691**	**$ 841,670**	**$ 579,420**	**$ 3,081,247**

Discretely Presented Component Units (excluding University of Alabama)
(Amounts in Thousands)

	Maturity in Years at Fair Value				
Investment Type	**Less Than 1**	**1-5**	**6-10**	**More Than 10**	**Total Fair Value**
U S Treasury Strips	$ -	$ 91	$ -	$ 1,565	$ 1,656
Other U S Government Guaranteed Securities	30,489	410,274	11,084	5,748	457,595
U S Agency Securities	130,289	810,571	46,786	4,141	991,787
State and Local Government Securities	605	6,493	9,957	9,573	26,628
Mortgage Backed Securities	184	448	638	12,460	13,730
Commercial Paper	993	-	-	-	993
Corporate Bonds	2,805	6,362	5,484	4,306	18,957
International Bonds	75	497	357	-	929
Bond Mutual Funds	193,910	150,099	18,646	190,098	552,753
Total	**$ 359,350**	**$ 1,384,835**	**$ 92,952**	**$ 227,891**	**$ 2,065,028**

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The University of Alabama discloses the interest rate risk for the System Pool using the effective duration method. The prices of fixed income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Effective duration is the approximate change in price of a security resulting from a 100 basis point (1 percentage point) change in the level of interest rates. It is not a measure of time. The University does not have a specific policy relative to interest rate risk.

University of Alabama System Pool
(Amounts in Thousands)

Investment Type	Fair Value	Effective Duration
Endowment Fund:		
U S Government Guaranteed Securities	$ 11,636	8.1
Corporate Bonds	22,046	4.7
Commingled Bond Funds	85,988	1.8
Non-U S Bonds	4,898	-
Long Term Reserve Pool Fund:		
U S Government Guaranteed Securities	13,316	8.4
Corporate Bonds	26,607	4.6
Commingled Bond Funds	108,435	1.5
Non-U S Bonds	5,796	-
Short Term Liquidity Pool Fund:		
U S Government Guaranteed Securities	206,021	1.9
Mortgage Backed Securities	166,643	0.9
Collateralized Mortgage Obligations	12,035	1.7
Corporate Bonds	176,572	2.1
Commingled Bond Funds	199,067	2.8
Non-U S Bonds	64,905	2.1
Total	**$ 1,103,965**	

D. Fair Value Measurement

1. Fair Value Hierarchy

GASB 72 sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in an active market for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy are described as follows:

Level 1: Quoted (unadjusted) prices in an active market for identical assets or liabilities.

Level 2: Other inputs which are observable either directly or indirectly, including quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in a less active market, or other market-corroborated inputs.

Level 3: Valuations derived from valuation techniques using significant unobservable inputs for assets or liabilities.

GASB 72 allows for the use of net asset value ("NAV") as a practical expedient for valuation purposes.

The categorization of investments within the hierarchy is based upon pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Investments in securities classified as Level 1 are valued using quoted prices in an active market for those securities.

Investments in securities classified as Level 2 are valued using non-proprietary information that is readily available to market participants from multiple independent sources, which are known to be actively involved in the market. Pricing inputs may include market quotation, yields, maturities, call features, and ratings.

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Investments in private equity, debt, and direct investments in Real Estate are classified as Level 3 due to lack of observable pricing inputs and are valued using annual appraisals based on a combination of market data and projected cash flows.

As of September 30, 2016, the State had the following fair market value hierarchies:

Governmental Activities
(Amounts in Thousands)

Investment Types	Level 1	Level 2	Level 3	NAV	Total
U S Treasury Strips	$ 17,654	$ -	$ -	$ -	$ 17,654
U S Government Guaranteed Securities	786,439	16,915	-	-	803,354
U S Agency Securities	299,175	47,118	-	-	346,293
State and Local Government Securities	-	11,303	-	-	11,303
Mortgage Backed Securities	73,879	242,146	1,365	-	317,390
Commercial Paper	-	30,997	-	-	30,997
Corporate Bonds	27,071	283,970	-	-	311,041
Derivative Instruments	291	(1,378)	-	-	(1,087)
Private Placements	-	86,164	307	-	86,471
Repurchase Agreements	39,192	-	13,107	-	52,299
International Bonds	-	14,913	-	-	14,913
Bond Mutual Funds	387,699	4,353	-	-	392,052
Domestic Equities	1,091,035	-	4,604	-	1,095,639
International Equities	531,242	-	33,344	-	564,586
Other Mutual Funds	67,369	-	7,622	-	74,991
Real Estate	-	-	268,918	-	268,918
Commingled Funds	-	-	113,825	-	113,825
Guaranteed Investment Contracts	-	-	-	100,612	100,612
Total	$ 3,321,046	$ 736,501	$ 443,092	$ 100,612	$ 4,601,251

Business-Type Activities
(Amounts in Thousands)

Investment Types	Level 1	Level 2	Level 3	NAV	Total
U S Treasury Strips	$ 4,949	$ -	$ -	$ -	$ 4,949
U S Government Guaranteed Securities	14,407	140	-	-	14,547
U S Agency Securities	16,825	2,234	-	-	19,059
State and Local Government Securities	157	-	-	-	157
Mortgage Backed Securities	1,065	-	-	-	1,065
Commercial Paper	160	-	-	-	160
Corporate Bonds	9,749	469	-	-	10,218
Repurchase Agreements	-	13,362	-	-	13,362
International Bonds	-	16	-	-	16
Bond Mutual Funds	538	-	-	-	538
Domestic Equities	29,695	28	22	-	29,745
International Equities	412	74	-	-	486
Other Mutual Funds	52,158	-	8,413	-	60,571
Real Estate	132	120	-	-	252
Total	$ 130,247	$ 16,443	$ 8,435	$ -	$ 155,125

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Retirement Systems of Alabama
(Fiduciary Component Units)
(Amounts in Thousands)

Investment Types	Level 1	Level 2	Level 3	NAV	Total
U S Government Guaranteed Securities	-	1,027,648	-	-	1,027,648
U S Agency Securities	-	246,099	-	-	246,099
Mortgage Backed Securities	-	654,588	-	-	654,588
Commercial Paper	-	707,256	-	-	707,256
Corporate Bonds	-	1,797,213	-	-	1,797,213
Private Placements	-	-	3,519,337	-	3,519,337
Bond Mutual Funds	-	631,092	-	-	631,092
Domestic Equities	14,975,820	1,348,063	1,457,407	-	17,781,290
International Equities	4,131,112	-	-	-	4,131,112
Real Estate	-	-	3,464,848	-	3,464,848
Total	$ 19,106,932	$ 6,411,959	$ 8,441,592	$ -	$ 33,960,483

Other Fiduciary Funds
(Amounts in Thousands)

Investment Types	Level 1	Level 2	Level 3	NAV	Total
U S Treasury Strips	$ 70	$ 8,580	$ -	$ -	$ 8,650
U S Government Guaranteed Securities	81,893	553,281	-	-	635,174
U S Agency Securities	18,331	125,118	-	-	143,449
State and Local Government Securities	10,540	290	-	-	10,830
Mortgage Backed Securities	9,500	308,540	-	-	318,040
Commercial Paper	-	21,499	-	-	21,499
Corporate Bonds	136,834	757,801	-	-	894,635
Private Placements	-	-	4,565	-	4,565
International Bonds	-	82	-	-	82
Bond Mutual Funds	659,415	137,319	-	-	796,734
Domestic Equities	1,285,621	22,152	-	-	1,307,773
International Equities	146,900	-	-	-	146,900
Other Mutual Funds	929,854	87,486	-	-	1,017,340
Real Estate	-	-	20	-	20
Guaranteed Investment Contracts	-	-	-	247,590	247,590
Total	$ 3,278,958	$ 2,022,148	$ 4,585	$ 247,590	$ 5,553,281

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Discretely Presented Component Units
(Amounts in Thousands)

Investment Types	Level 1	Level 2	Level 3	NAV	Total Fair Value
U S Treasury Strips	$ 1,656	$ -	$ -	$ -	$ 1,656
U S Government Guaranteed Securities	14,236	674,525	-	-	688,761
U S Agency Securities	86,696	904,568	-	-	991,264
State and Local Government Securities	-	27,150	-	-	27,150
Mortgage Backed Securities	1,510	206,671	-	-	208,181
Commercial Paper	100	-	-	-	100
Corporate Bonds	2,140	242,191	-	-	244,331
Private Placements	-	-	1,027	264,287	265,314
International Bonds	-	145,770	-	-	145,770
Bond Mutual Funds	477,697	497,658	-	-	975,355
Domestic Equities	386,788	91,760	-	-	478,548
International Equities	57,277	172	-	-	57,449
Other Mutual Funds	270,510	-	163,273	191,650	625,433
Real Estate	-	303	213,577	62,505	276,385
Commingled Funds	4,059	613,623	632,836	748,504	1,999,022
Total	$ 1,302,669	$ 3,404,391	$ 1,010,713	$ 1,266,946	$ 6,984,719

2. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The investment policy of the Alabama Trust Fund states that the aggregate market value of international equities is limited to 29 percent of the aggregate market value of the total portfolio with a target of 24 percent of the total portfolio. The exposure to emerging market securities shall be limited to 20 percent of the market value of the international portfolio. Not more than 5 percent of the total stock portfolio may be invested in the common stock of any one corporation at the time of purchase and no more than 7 percent in any one corporation at market. Not more than 5 percent of the outstanding shares of any one company may be held by the portfolio. In addition, no more than the lesser of (2 times the sector weight in the index and 40 percent) valued at market may be held in any one economic sector as defined by the MSCI EAFE (Morgan Stanley Capital International Europe, Australasia, and the Far East) index classifications for developed market portfolios and by MSCI Emerging Markets index classifications for emerging markets portfolios.

In order for an international security to be eligible for purchase by the Retirement Systems of Alabama (RSA), the issuing company must be incorporated in a country whose debt securities are eligible for purchase, and the fair value of the aggregate outstanding equity of the issuing company must be at least $100 million.

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The State's exposure to foreign currency risk at September 30, 2016 was as follows:

Deposits and Investments Exposed to Foreign Currency Risk
(Amounts in Thousands)

	Governmental-Type Activities		Business-Type Activities	RSA (Fiduciary Component Units)	Other Fiduciary Funds	Discretely Presented Component Units	
	International Equities	International Bond	International Equities	International Equities	International Equities	International Equities	International Bonds
Australian Dollar	$ 18,263	$ -	$ 3	$ 252,993	$ 8,345	$ -	$ 75
Bermudian Dollar	1	-	-	-	-	-	-
Brazilian Real	4,274	3,569	1	-	211	-	-
British Pound Sterling	87,952	-	55	677,434	23,701	-	-
Canadian Dollar	19,655	-	46	-	492	-	304
Chinese Yuan	8	1,520	14	-	866	-	-
Colombian Peso	-	-	-	-	145	-	-
Danish Krone	9,886	-	-	53,188	2,159	-	-
Emerging Markets	-	-	71	569,727	15,839	-	-
Euro	132,826	-	111	1,037,706	34,623	62	541
Hong Kong Dollar	26,544	-	-	127,083	4,804	-	-
Indian Rupee	-	-	1	-	937	-	-
Indonesian Rupiah	757	-	-	-	-	-	-
Israeli New Shekel	2	-	21	21,418	652	-	-
Japanese Yen	89,554	-	35	871,064	30,456	-	-
Mexican Peso	276	6,140	-	-	-	-	-
New Zealand Dollar	-	-	-	3,807	116	-	-
Norwegian Krone	2,162	-	2	22,445	695	-	-
Other	-	-	-	-	4,200	-	-
Philippine Peso	591	-	-	-	47	-	-
Russian Rouble	-	2,791	-	-	35	-	-
Singapore Dollar	3,567	-	2	46,942	1,406	-	-
South African Rand	886	-	-	-	187	-	-
South Korean Won	3,871	-	-	-	351	-	-
Swedish Krona	19,310	-	-	102,833	3,542	-	-
Swiss Franc	34,131	-	42	344,472	12,131	-	-
Taiwan New Dollar	10	-	-	-	234	-	-
Thai Baht	2,781	-	-	-	105	-	-
Turkish Lira	2,064	-	-	-	-	-	-
Totals	**$ 459,371**	**$ 14,020**	**$ 404**	**$ 4,131,112**	**$ 146,279**	**$ 62**	**$ 920**

The disclosure does not include some of the International Securities denominated in U.S. dollars.

3. Custodial Credit Risk

For an investment, custodial credit risk is the risk that an entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails.

State Treasurer – The State Treasurer's custodian, Regions Bank, requires that the securities be held in registered form in the name of its nominee. Regions has established one or more accounts on behalf of the State Treasurer in the name of the State Treasurer.

Alabama Trust Fund (ATF) – The ATF's custodian, Bank of New York Mellon (BNYM), provides a portion of the custodial services for the ATF. The ATF's custodial credit risk policy authorizes BNYM to hold securities in registered form in the name of its nominee. The policy requires BNYM to establish and maintain one or more securities accounts (book entry system) in which BNYM will hold the securities. These accounts are in the name of the ATF.

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Retirement Systems of Alabama (RSA) – The RSA's custodial credit risk policy requires the custodial agent to hold or direct its agents or sub-custodians to hold, for the account of the RSA all securities and other non-cash property other than securities in the Federal Reserve book-entry system, in a clearing agency which acts as a securities depository, or in another book-entry system. The RSA's safekeeping agent holds all investments of the RSA in the RSA's name with the exception of securities purchased with securities lending cash collateral.

4. Concentration of Credit Risk

Investments Exposed to Custodial Credit Risk
(Amounts in Thousands)

	Governmental Type Activities	Business-Type Activities	Fiduciary Funds Other Than RSA	Discretely Presented Component Units
U S Treasury Strips	$ -	$ -	$ 70	$ -
Other U S Government Guaranteed Securities	9,516	-	27,450	486
U S Agency Securities	54,136	-	-	-
State and Local Government Securities	-	-	10,540	-
Mortgage Backed Securities	3,724	-	1,875	545
Corporate Bonds	1,787	-	1,000	1,330
Repurchase Agreements	52,299	13,362	-	-
Domestic Equities	3,445	-	-	1,148
International Equities	-	-	-	62
Total	**$ 124,907**	**$ 13,362**	**$ 40,935**	**$ 3,571**

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investments with a single issuer. The State of Alabama has investments in U.S. Government obligations which are disclosed in the tables in this note. Standard & Poor's downgraded the rating of the U.S. Government to AA+, however the Moody's rating is still Aaa.

The investment policy of the Alabama Trust Fund states that the investment portfolio shall be diversified by both asset class and within asset classes, by economic sector and industry. For equity investments, the aggregate investment in equity securities of any one issuing corporation shall not exceed 1 percent of the outstanding capital of such corporation. For fixed income investments, the portfolio is to be diversified so that no more than 15 percent is invested in one industry (does not apply to U.S. government and agency securities), and no more than 5 percent of the total fixed income portfolio may be invested in securities of any one corporation. As of September 30, 2016, there were no investments that exceeded the 5 percent of the total fixed income portfolio limit in any one corporation.

The investment policies of the Retirement Systems of Alabama limit the aggregate amount that can be invested in each class of investments. Domestic fixed income, international fixed income, domestic equity, international equity, and short-term investments are limited to 50 percent, 10 percent, 65 percent, 25 percent, and 20 percent, respectively, of the fair value of each System's aggregate portfolio. Also, each System may not purchase or hold more than 5 percent of any class of the outstanding stock of a foreign company. Real estate and alternative investments are limited to 15 percent and 10 percent, respectively, of the book value of each System's portfolio. As of September 30, 2016, the Teachers' Retirement System (TRS) and Employees' Retirement System (ERS) owned debt and equity securities of Raycom Media Corporation which represented approximately 8.10 percent and 8.83 percent, respectively, of the TRS and the ERS investments. Additionally, TRS and ERS owned debt and equity securities of New Water Street Corporation which represented 5.47 percent of the TRS investments and 5.15 percent of the ERS investments.

E. Securities Lending

The Teachers' Retirement System (TRS), the Employees' Retirement System (ERS), and the Judicial Retirement Fund (JRF) are authorized by the Boards of Control to participate in a securities lending program. The Alabama Trust Fund (ATF) investment managers are authorized by the Board of Trustees to engage in securities lending under guidelines established by the ATF Board of Trustees. The Retirement Systems of Alabama's (RSA) custodian, State Street Bank and Trust Company (State Street), administers the program for the TRS, ERS, JRF, a portion of the program for the ATF, and some other funds of the State. Certain securities are

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loaned to borrowers approved by the RSA for collateral that will be returned for the same type of securities. Approved borrowers of securities provide acceptable collateral in the form of cash (U.S. and foreign currency), any other assets permissible under Rule 15c3-3 under the Exchange Act of 1934, U.S. and non U.S. equities and such other collateral as the parties may agree to in writing from time to time. All security loans are open loans and can be terminated on demand by the lender or borrower. The initial collateral received shall have (depending on the nature of the loaned securities and the collateral received), a value of 102 percent or 105 percent of the fair value of the loaned securities, or such other value, but not less than 102 percent of the fair value of the loaned securities, as may be applicable in the jurisdiction in which such loaned securities are customarily traded. Pursuant to the terms of the applicable securities loan agreement, State Street shall, in accordance with State Street's reasonable and customary practices, mark loaned securities and collateral to their fair value each business day based upon the fair value of the collateral and the loaned securities at the close of the business employing the most recently available pricing information and shall receive and deliver collateral in order to maintain the value of the collateral at no less than 100 percent of the fair value of the loaned securities. The lender cannot pledge or sell collateral securities received unless the borrower defaults.

Cash collateral for TRS, ERS, and JRF is invested in the State Street Quality D Short-term Investments Fund (QDF). Cash collateral administered by State Street for ATF is invested in the State Street Global Securities Lending Trust (GSLT). Cash collateral investments are matured as needed to fulfill loan obligations. As of September 30, 2016, the average term of the loans secured by QDF was 14, 13, and 17 days, respectively for the TRS, ERS, and JRF. As of September 30, 2016, the average term of the loans secured by GSLT was 1 day for the ATF. Cash collateral investments are matured as needed to fulfill loan obligations. There is no direct matching of the maturities of the loans with the investments made with cash collateral. The following describes the QDF's and the GSLT's guidelines. The Investment Manager (State Street Bank) shall maintain the dollar-weighted average maturity of QDF and GSLT in a manner that the Investment Manager believes is appropriate to the objective of each; provided, that (i) in no event shall any eligible security be acquired with a remaining legal final maturity (i.e., the date on which principal must be repaid) of greater than 18 months, (ii) the Investment Manager shall endeavor to maintain a dollar-weighted average maturity of the QDF and GSLT not to exceed 75 calendar days and (iii) the Investment Manager shall endeavor to maintain a dollar-weighted average maturity to final of the QDF and GSLT not to exceed 180 calendar days. At the time of purchase (i) all eligible securities with maturities of 13 months or less shall (a) be rated at least A1, P1 or F1 by at least any two of the following nationally recognized statistical rating organizations: Standard & Poor's Corp. ("S&P"), Moody's Investor Services, Inc. ("Moody's"), or Fitch, Inc. ("Fitch"), or (b) be determined by the Investment Manager to be of comparable quality and (ii) all eligible securities with maturities in excess of 13 months shall (a) be rated at least A-, A3 or A- by at least any two of S&P, Moody's or Fitch, or (b) be determined by the Investment Manager to be of comparable quality. The QDF and the GSLT may invest up to 10 percent of its assets at time of purchase in commingled vehicles managed by State Street Global Advisors or its affiliates that conform to the Investment Policy Guidelines. The QDF and the GSLT both have duration pools. The duration pools include all asset backed securities (regardless of maturity) and securities of any type with a remaining maturity of 91 days or greater. Each investor owns a specified percentage interest in the duration pool which is redeemable only in kind, not in cash. The duration pools will not make additional investments.

The Bank of New York Mellon (BNYM) administers a portion of the securities lending program for the ATF. Certain securities from ATF are loaned to borrowers approved by the ATF Board of Trustees. Approved borrowers of securities provide acceptable cash collateral in the form of Federal funds or New York Clearing House funds as applicable for a particular loan. All security loans are open loans and can be terminated on demand by the ATF, BNYM, or the borrower. The initial collateral received shall have (i) in the case of loaned securities denominated in United States Dollars, cash collateral in the amount of 102 percent of the market value of the loaned securities or (ii) in the case of loaned securities which are not denominated in United States Dollars, cash collateral in the amount of 105 percent of the market value of the loaned securities. Pursuant to the terms of the applicable securities loan agreement, BNYM shall, in accordance with BNYM's reasonable and customary practices, mark loaned securities to their market value each business day based upon the market value of the loaned securities as of the close of business the preceding business day, employing the most recently available pricing information, and receive and deliver collateral in order to maintain the amount of cash collateral at no less than the collateral requirement. The ATF cannot pledge or sell collateral securities received unless the borrower defaults. As of September 30, 2016, the average term of the loans was 33 days. Cash collateral investments are matured as needed to fulfill loan obligations. All approved investments shall be for the account and risk of ATF. To the extent any loss arising out of approved investments results in a deficiency in the amount of collateral available for return to a borrower, ATF agrees to pay BNYM on demand cash in an amount equal to such deficiency.

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The following describes the manner in which BNYM is authorized to invest and reinvest cash collateral for the ATF.

- Securities issued or fully guaranteed by the United States Government and any agency, instrumentality, or establishment of the United States Government ("Government Securities").
- High-grade commercial paper, notes, bonds, and other debt obligations including promissory notes, funding agreements, and guaranteed investment contracts, whether or not registered under the Securities Act of 1933, as amended. Such obligations may have fixed, floating, or variable rate interest payment provisions.
- Asset-backed securities which carry the highest credit rating by S&P or Moody's.
- Certificates of deposit, time deposits and other bank obligations of U.S. banks, their branches and subsidiaries.
- Repurchase and reverse repurchase agreements collateralized by approved investments.
- Securities, units, shares and other participations in money market funds, unregistered short-term investment funds, pools or trusts.
- Government securities have no maturity limit. Fixed rate instruments shall have a maturity of no greater than 13 months. Floating rate instruments rated "A" or "AA" shall have maturities no greater than three years with resets no less frequent than three months. Floating rate instruments rated "AAA" shall have maturities no greater than five years with resets no less frequent than three months.

Investments purchased with cash collateral are held by the custodial agent, but not in the name of the lender. Securities pledged as collateral are held by the custodial agent, but not in the name of the lender. Letters of credit pledged as collateral are issued by the borrower's bank and are irrevocable. The fair value of the securities on loan and the fair value of the collateral pledged by the borrowers are demonstrated in the securities lending table. Since the amounts owed by the State and its component units exceeded the amounts the borrowers owed, there was no credit risk exposure as of September 30, 2016. There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior period losses during the year.

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Securities Lending - Investments Lent and Collateral Received

(Fair Value in Thousands)

Type of Investment Lent	Governmental-Type Activities	RSA Fiduciary Component Units	Other Fiduciary Funds	Discretely Presented Component Units
For Cash Collateral				
Domestic Fixed Maturities	$ 32,980	$ 246,673	$ 110,696	$ 1,279
Domestic Equity	212,110	1,287,334	195,528	5,097
International Equity	3,513	101,025	7,108	-
Total Lent for Cash Collateral	248,603	1,635,032	313,332	6,376
For Non-cash Collateral				
Domestic Fixed Maturities	10,673	875,772	385,678	6,507
Domestic Equity	28,866	2,378,902	121,618	-
International Equity	-	391,001	9,056	-
Total Lent for Non-Cash Collateral	39,539	3,645,675	516,352	6,507
Total Securities Lent	**$ 288,142**	**$ 5,280,707**	**$ 829,684**	**$ 12,883**
Type of Collateral Received				
Cash Collateral				
Cash Collateral - Invested in				
State Street Quality D Fund	$ 0	$ 1,664,521	$ 163,909	$ 0
State Street Global Securities Lending Trust	28,412	-	155,531	6,472
BNYM Investments	225,795	-	-	-
Total Cash Collateral	254,207	1,664,521	319,440	6,472
Non-Cash Collateral				
For Lent Domestic Fixed Maturities				
Securities Collateral - US Dollars	4,164	656,678	167,982	2,841
British Pound Sterling	-	-	-	-
Canadian Dollars	453	37,311	10,207	197
For Lent Domestic Equity Securities				
Securities Collateral				
Euro	279	171	625	-
Canadian Dollars	-	72,601	-	-
US Dollars	30,684	2,529,636	131,491	327
For Lent International Equity Securities				
Securities Collateral				
Euro	-	65,590	1,459	-
British Pound Sterling	-	41	997	-
US Dollar	6,378	528,239	233,472	3,467
Total Non-Cash Collateral	**41,958**	**3,890,267**	**546,233**	**6,832**
Total Collateral Received	**$ 296,165**	**$ 5,554,788**	**$ 865,673**	**$ 13,304**

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F. Mortgage-Backed Securities

The State of Alabama invests in mortgage-backed securities to improve yield and adjust the duration of the State's fixed income portfolio. Embedded prepayment options cause these investments to be highly sensitive to changes in interest rates. Prepayments of the underlying assets reduce the total interest payments to be received. Generally, when interest rates fall, obligors tend to prepay the mortgages thus eliminating the stream of interest payments that would have been received under the original amortization schedule. The resulting reduction in cash flow diminishes the fair value of the mortgage-backed securities.

The Alabama Trust Fund (ATF) invests in TBA (to be announced) purchase commitments, pursuant to which it agrees to purchase mortgage-backed securities. The TBA market developed in response to the demands of market participants for more liquidity in trading mortgage-backed securities. The TBA market is essentially a forward or delayed delivery market. The lender, or other market participant, will enter into a forward contract to sell mortgage-backed securities in the TBA market, promising to deliver mortgage-backed securities on the settlement date sometime in the future. At September 30, 2016, the ATF had investments in TBA mortgage-backed securities in the amount of $26,711,000. Included in investment purchases payable on the Statement of Net Position is a liability related to the cost of acquiring these securities. Generally, these securities are closed with a gain or loss prior to settlement. However, the ATF would be obligated for those amounts should the securities be delivered.

G. Capital Assets

Historical costs for infrastructure assets are included in this report. The State elected to include the historical costs of all infrastructure assets, not just assets capitalized since 1980, as required by GASB Statement No. 34. The State capitalizes infrastructure when all costs for a project are incurred and all project documentation is completed and filed with the appropriate entities. Due to the documentation requirements, there can be substantial time lags between the date a project is put into service and the date the project is capitalized. A significant portion of Infrastructure Construction in Progress consists of projects that have been put into service and maintenance costs could have been incurred but the project documentation is not complete. For Business-Type activities, decreases in construction in progress are large relative to increases in buildings because Port Authority constructs some equipment assets.

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As of September 30, 2016, the capital assets for the Primary Government and the Component Units are presented in the following three tables:

GOVERNMENTAL-TYPE ACTIVITIES
(Amounts in Thousands)

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 344,550	$ 4,304	$ -	$ 348,854
Historical Exhibits	4,158	-	-	4,158
Construction in progress	156,920	8,038	30,067	134,891
Construction in progress - Infrastructure	4,222,656	260,220	872,104	3,610,772
Infrastructure	14,924,297	872,105	-	15,796,402
Intangible Assets under Development	38,950	16,707		55,657
Total capital assets not being depreciated	**19,691,531**	**1,161,374**	**902,171**	**19,950,734**
Capital assets being depreciated:				
Buildings	1,725,691	40,671	-	1,766,362
Equipment	663,261	41,130	42,606	661,785
Software and Other Intangible Assets	39,671	2,332	-	42,003
Total capital assets being depreciated	**2,428,623**	**84,133**	**42,606**	**2,470,150**
Less accumulated depreciation:				
Buildings	700,040	40,054	-	740,094
Equipment	375,147	49,788	38,991	385,944
Software and Other Intangible Assets	8,405	3,128	-	11,533
Total accumulated depreciation	**1,083,592**	**92,970**	**38,991**	**1,137,571**
Total capital assets being depreciated, net	**1,345,031**	**(8,837)**	**3,615**	**1,332,579**
Governmental-type activities capital assets, net	**$ 21,036,562**	**$ 1,152,537**	**$ 905,786**	**$ 21,283,313**

Depreciation Expense for the current year is charged as follows:	
Economic Development and Regulation	$ 5,139
Social Services	9,529
Education and Cultural Resources	2,218
Natural Resources and Recreation	6,766
Health	10,279
General Government	10,449
Protection of Persons and Property	24,298
Transportation	24,292
Total Depreciation Expense	**$ 92,970**

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The capital assets for business-type activities are:

BUSINESS-TYPE ACTIVITIES
(Amounts in Thousands)

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 112,260	$ 267	$ -	$ 112,527
Historical Exhibits	2,350	-	-	2,350
Construction in progress	107,395	86,501	75,882	118,014
Inexhaustible Intangible Assets	10	-	-	10
Total capital assets not being depreciated	**222,015**	**86,768**	**75,882**	**232,901**
Capital assets being depreciated:				
Buildings	1,806,121	67,870	6,697	1,867,294
Equipment	615,397	23,039	14,200	624,236
Software and Other Intangible Assets	19,590	98	-	19,688
Total capital assets being depreciated	**2,441,108**	**91,007**	**20,897**	**2,511,218**
Less accumulated depreciation				
Buildings	702,695	43,499	3,210	742,984
Equipment	367,707	27,798	8,813	386,692
Software and Other Intangible Assets	7,644	1,513	-	9,157
Total accumulated depreciation	**1,078,046**	**72,810**	**12,023**	**1,138,833**
Total capital assets being depreciated, net	**1,363,062**	**18,197**	**8,874**	**1,372,385**
Business-type activities capital assets, net	**$ 1,585,077**	**$ 104,965**	**$ 84,756**	**$ 1,605,286**

Depreciation Expense for the current year is charged as follows:	
State Port Authority	$ 28,187
Alabama Community College System	42,926
Alcoholic Beverage Control Board	490
Other Nonmajor Enterprise Funds	1,207
Total Depreciation Expense	**$ 72,810**

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The capital assets for component units are:

COMPONENT UNITS
(Amounts in Thousands)

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 303,249	$ 17,467	$ 149	$ 320,567
Historical Exhibits	126,344	1,101	162	127,283
Construction in progress	322,835	349,756	422,372	250,219
Total capital assets not being depreciated	**752,428**	**368,324**	**422,683**	**698,069**
Capital assets being depreciated:				
Buildings	9,149,490	493,163	84,726	9,557,927
Equipment	2,305,795	178,259	77,275	2,406,779
Software and Other Intangibles	132,287	6,551	15	138,823
Total capital assets being depreciated	**11,587,572**	**677,973**	**162,016**	**12,103,529**
Less accumulated depreciation				
Buildings	3,209,405	249,656	30,785	3,428,276
Equipment	1,752,134	139,511	68,073	1,823,572
Software and Other Intangible Assets	75,784	6,446	-	82,230
Total accumulated depreciation	**5,037,323**	**395,613**	**98,858**	**5,334,078**
Total capital assets being depreciated, net	**6,550,249**	**282,360**	**63,158**	**6,769,451**
Component Units capital assets, net	**$ 7,302,677**	**$ 650,684**	**$ 485,841**	**$ 7,467,520**

Depreciation Expense for the current year is charged as follows:	
University of Alabama	$ 225,150
Auburn University	76,203
University of South Alabama	35,802
Other Nonmajor Component Units	58,458
Total Depreciation Expense	**$ 395,613**

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H. Investment Derivatives

Alabama State Port Authority - In December 2002, the Alabama State Port Authority entered into a swaption contract with an investment company in order to monetize potential debt service savings on the Authority's callable 1996 Series bonds. The swaption gave the counterparty the option to enter into a variable-to-fixed interest rate swap at a specified future date. The counterparty exercised its option on July 18, 2006, and the interest rate swap commenced on October 1, 2006, with the Authority paying a fixed interest rate (5.38 percent) and the Authority receiving a variable interest rate (67 percent of the one-month LIBOR). The Authority may be exposed to various risks such as credit risk and interest rate risk through the interest rate swap. As the interest rate swap is a liability at September 30, 2016 and 2015, the impact of credit risk is minimized. The swap agreement is based on an amortized notional which was $42,435,000 at September 30, 2016, and expires on October 1, 2021. As of September 30, 2016, the interest rate swap had a negative fair value of approximately $5,242,924 and is included in the Statement of Net Position in Noncurrent Liabilities: Due in More Than One Year as Other Long-Term Liabilities. The $1.7 million increase in fair value is included in investment income in the Statement of Revenues, Expenses, and Changes in Net Position and is included in Charges for Services in the Statement of Activities. In accordance with the swap agreement, the Authority posted collateral of approximately $7.6 million at September 30, 2016 and 2015 due to the negative position of the interest rate swap. The interest rate swap value is calculated using an industry accepted option pricing model that uses market interest rates and volatility assumptions on the valuation date. The interest rate and volatility data is used to calculate the present value of the potential future cash flows of the swap.

University of South Alabama - In January 2008, the University of South Alabama entered into a synthetic advance refunding of the outstanding Series 2004 and 2006 bonds with a counterparty. This transaction was effected through the sale of two swaptions by the University to the counterparty. The transactions resulted in an up-front payment to the University totaling $9,328,000, which was recorded as a liability, in exchange for selling the counterparty the option to enter into an interest rate swap with respect to the Series 2004 and 2006 bonds in 2014 and 2016, respectively. The objective of this transaction is to realize debt service savings currently from future debt refunding and create an economic benefit to the University. In December 2013, the counterparty exercised its option with respect to the 2004 swaption. The University refunded its Series 2004 bonds, issued the Series 2014-A variable rate bond and terminated the Series 2004 swaption. As a result of this termination, the borrowing arising from the Series 2004 swaption of $1,696,000 and the investment derivative (liability) of $5,213,000 were written off and an investment loss of $2,229,000 was recognized and reported in the statements of revenues, expenses and changes in net position for the year ended September 30, 2014. An original borrowing arising from the 2014 swap of $9,138,000 was recognized and is reported, net of current year amortization, as long-term debt in the amount of $6,854,000 in the statement of net position at September 30, 2016. In September 2016, the counterparty exercised its option with respect to the 2006 swaption and, as a result, the Series 2006 swaption was terminated. The borrowing arising from the Series 2006 swaption of $6,939,000 and the investment derivative of $34,078,000 were written off. An original borrowing arising from the 2016 swap of $41,017,000 was recognized and is reported, net of current year amortization, as long-term debt in the amount of $40,849,000 in the statement of net position at September 30, 2016. Interest on the 2006 swaption was being accreted on, and added to the borrowings through the exercise date of the option, September 1, 2016. For the year ended September 30, 2016, $344,000 was accreted and is included in interest expense in the statement of net position. The change in the fair market value of the swaption derivative until the exercise date of September 1, 2016 is reported as a component of investment income (loss) in the statement of net position. For the year ended September 30, 2016, the change in the fair value of the derivative was ($11,611,000).

The Retirement Systems of Alabama (RSA) - The RSA enters into call and put options. The RSA uses these derivative instruments to make an investment, control risk with certain investment positions, or as a yield enhancement strategy. During the fiscal year, these investment derivative instruments were used exclusively within the RSA's domestic and international equity portfolios and are presented in the financial statements in their respective equity classifications. These derivative instruments are either listed options or executed in the over-the-counter (OTC) market using only credit worthy counterparties. The fair value of the investment derivatives is based on market prices. Investment risks related to investment derivatives have been considered and included in the respective investment risks notes above in Note 3.c.

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The following table presents the investment derivative instruments outstanding as of September 30, 2016 (in thousands), as reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position:

Investment Derivative Instruments
(Amounts in thousands)

	Changes in Fair Value §	Fair Value		
	Amount	Classification	Amount	Notional
TRS				
Domestic Options Written	$ 12,691	Domestic Equity	$ (25,094)	(1,806,187)
Domestic Options Purchased	(13,739)	Domestic Equity	23,983	886,411
Total Domestic Options	$ (1,048)		(1,111)	(919,776)
International Options Written	(161)	International Equity	-	-
Total TRS Options	**$ (1,209)**		**$ (1,111)**	**$ (919,776)**
ERS				
Domestic Options Written	6,061	Domestic Equity	(11,990)	(863,327)
Domestic Options Purchased	(6,562)	Domestic Equity	11,454	423,361
Total Domestic Options	(501)		(536)	(439,966)
International Options Written	$ (77)	International Equity	$ -	$ -
Total ERS Options	**$ (578)**	Totals	**$ (536)**	**$ (439,966)**
JRF				
Domestic Options Written	190	Domestic Equity	(373)	(26,791)
Domestic Options Purchased	(205)	Domestic Equity	358	13,231
Total Domestic Options	(15)		(15)	(13,560)
International Options Written	$ (2)	International Stocks	$ -	$ -
Total JRF Options	**$ (17)**	Totals	**$ (15)**	**$ (13,560)**

§ The changes in fair value are included in Net Increase (Decrease) in Fair Value of Investments in the Statement of Changes in Fiduciary Net Position

Alabama Trust Fund (ATF) - Derivatives can be used by the ATF's investment managers to manage cash positions, gain broad stock or bond market exposure and to manage risks with certain investment positions. The ATF Investment Policy allows derivative instruments to be used provided that the collateral is held in highly liquid securities and that they do not create the effect of leverage in the portfolio.

GASB Statement No. 53 requires that the fair value of the financial arrangements called "derivatives" or "derivative instruments" be reported in the financial statements of state and local governments. The statement further requires that derivatives be categorized as either an investment derivative or a hedge derivative. All of the ATF's derivative exposures as of September 30, 2016, are categorized as investment derivatives and therefore the hedge accounting provisions of GASB Statement No. 53 and No. 64 are not applicable.

All derivative instruments are presented in the Statement of Net Position as Investments and are reported at fair value. ATF's custodian, Bank of New York Mellon (BNYM), uses market prices when available. BNYM used two vendors to value derivatives when market values are not available. The two vendors used by BNYM are *Markit,* and *SuperDerivatives.* Both vendors consider their valuation process to be proprietary and not available for disclosure. Investment risks related to investment derivatives have been considered and included in the respective investment risks notes above in Note 3.C. In the note, futures and credit default swaps are included in derivatives, and total return swaps and interest rate swaps are included in corporate bonds.

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The following table presents the derivative instruments outstanding as of September 30, 2016 for ATF:

Investment Derivative Instruments
(Amounts in thousands)

	Changes in Fair Value §	Fair Value as of September 30, 2016	
	Amount	Amount	Notional
Credit Default Swaps	$ (1,385)	$ (1,376)	$ (50,733)
Total Swaps	$ (1,385)	$ (1,376)	$ (50,733)
Futures	$ 403	$ 288	$ 93,728
Total Futures	$ 403	$ 288	$ 93,728
Total Derivatives	$ (982)	$ (1,088)	$ 42,995

§ Included in Unrestricted Investment Earnings in the Statement of Activities and Investment Income in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

GASB Statement No. 53 requires the disclosure of the maximum amount of loss due to credit risk, based on the fair value of the instrument at the end of the fiscal year. The maximum amount of loss associated with all derivatives held by the ATF is $680,000. GASB Statement No. 53 also requires additional interest rate risk disclosures for investment derivatives that are highly sensitive to interest rate fluctuations.

NOTE 4 - LIABILITIES

A. Future Commitments

1. Construction Projects

a. Primary Government
At September 30, 2016, the Department of Transportation had construction and maintenance contracts of $1,695,983,000. The amount already performed was $1,013,416,000, leaving an outstanding balance of $682,567,000. The funding sources for this amount are 62 percent federal funds and 38 percent State and local funds
The State Port Authority has contracts for several projects with estimated costs to complete of approximately $3.4 million.

b. Component Units
The University of Alabama at Birmingham had construction and renovation commitments remaining at September 30, 2016 of approximately $178 million, which is expected to be financed from private gifts, grants, bond proceeds, and University of Alabama at Birmingham reserves.

Auburn University had construction and renovation contracts for various facilities that are estimated to cost approximately $442.6 million. At September 30, 2016, the estimated remaining cost to complete the projects was approximately $221.9 million which will be funded from University funds and bond proceeds.

The University of Alabama at Tuscaloosa had construction and renovation contract commitments for several facilities at September 30, 2016. The estimated remaining costs to complete the construction and renovation was approximately $39.3 million which is expected to be financed from private gifts, grants, bond proceeds, and University funds.

The University of Alabama at Huntsville contracted for the construction of an addition to student housing. At September 30, 2016, the estimated remaining cost to complete the construction was approximately $36.6 million dollars which is expected to be financed from University funds.
At September 30, 2016, the University of South Alabama had commitments of approximately $10,867,000 for various capital projects.

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2. Operating Leases
The State and its component units have entered into various lease agreements for real property. These leases do not represent material commitments by the State, therefore disclosure of minimum future lease payments is not provided.

3. Economic Development
The State has made a variety of economic development grant commitments to the private sector to finance the cost of industries locating and expanding in the State, as well as the costs of training employees.

As of September 30, 2016, the State has committed to funding economic development grants totaling $142,265,000. Available cash for these commitments includes $6,640,000 in Alabama Incentives Finance Authority bonds and $87,921,000 in 2016-A General Obligation bonds. The State anticipates that of these commitments, $38,078,000 will be paid in fiscal year 2019 and after.

4. Encumbrances
Encumbrances represent commitments related to unperformed contracts and purchase orders for goods and services. Encumbrances are reported within governmental funds as restricted, committed, or assigned fund balance. At September 30, 2016, there were encumbrances in the General Fund totaling $3,608,000, the Education Trust Fund $1,095,000, the Public Road and Bridge Fund $56,526,000, the Medicaid Fund $4,319,000, the Public Welfare Trust Fund $3,187,000, the Alabama Trust Fund $324,000, and nonmajor governmental funds $31,437,000.

B. Claims and Judgments

The Department of Transportation finances its own risk for state employee injury compensation. The Department had $9,210,000 in claims liabilities at the end of the fiscal year.

C. Pollution Remediation Obligations

Auburn University conducts groundwater monitoring, monitored natural attenuation and clean-up in accordance with the Resource Conservation and Recovery Act (RCRA) and the Toxic Substances and Control Act. Additionally, asbestos abatement is necessary as older buildings on campus are demolished or renovated. The University, with the assistance of an outside consultant, prepared a 30-year Post Closure Cost Estimate related to all active and inactive solid waste management units managed through the University RCRA Facility permit. As of September 30, 2016, the total estimated pollution remediation (estimated using the expected cash-flow technique) is $7,017,000. The current portion of $283,000 is included in accounts payable and the long-term portion of $6,734,000 is included in Noncurrent Liabilities: Due In More Than One Year in the accompanying Statements of Net Position. The University does not expect to recover any funds from insurance or other third parties related to these obligations.

D. Conduit Debt

Revenue bonds were issued by Alabama Housing Finance Authority, a component unit, which constituted conduit debt outstanding at year-end totaling $125,616,000 to provide multifamily housing for the citizens of Alabama. The Authority does not actively monitor the operating performance or financial condition of the multifamily properties financed by the bonds. Multifamily mortgage loans are collateralized by varying methods, including first-liens on multifamily residential rental properties located within the State of Alabama, letters of credit, surety bonds and guarantees provided by third parties. These bonds do not constitute a debt or pledge of the faith and credit of the Authority or the State of Alabama, and accordingly, have not been reported in the accompanying financial statements.

E. Long-term Debt

1. Debt Limitations and Methods of Bond Issuance
Under Section 213 of the *Constitution of Alabama of 1901*, as modified by Amendment 26, the State is constitutionally prohibited from incurring debt except to repel invasion or suppress insurrection. Therefore, the only method under which general obligation debt can be incurred is by amendment to the *Constitution*. Although conventions proposed by the legislature and approved by the electorate may be called for the purpose of amending the *Constitution*, historically all amendments have been adopted by a procedure which requires them to be proposed by a three-fifths majority of each house of the legislature and thereafter ratified by a majority of the electorate.

The Supreme Court of Alabama has ruled that debt prohibition does not apply to debts incurred by separate public corporations functioning as state instrumentalities. The State has followed the practice of financing many capital improvements and developmental grant programs by issuing debt through such public corporations. The legislature (through enabling legislation) and the Governor (by executive order) have created public corporations and authorities of the State for the purpose of financing projects and programs such

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as public highways, public educational facilities, judicial buildings, affordable housing, economic development grants, and other projects. In most instances, state officials such as the Governor, Lieutenant Governor, Attorney General, State Treasurer, and the Director of Finance serve as board members of these corporations. The revenue bonds issued by these corporations are limited obligations of the corporation, not general obligations of the State, and the full faith and credit of the State is not pledged for their repayment. Certain revenues, usually earmarked taxes or revenues generated from the project financed are pledged for the payment of the debt. These corporations are reported by blending them with the primary government. The State also enters into lease purchase agreements which are reported in accordance with generally accepted accounting principles as capital lease debt or notes payable.

2. General Obligation Bonds – Governmental Activities

The State has general obligation bond issues outstanding for the purpose of financing major capital projects for: state waterways, State Port Authority's facilities, prisons, roads, bridges, mental hospitals, Mobile harbor, state parks, youth services facilities, state buildings, the State Coliseum, conservation and preservation projects, educational television, forensic sciences laboratories, agricultural development, diagnostic and research laboratories, and historical projects. General obligation bonds also finance grant programs for public school and college buildings, as well as economic development grants to industry and local government. The full faith and credit of the State is pledged for the payment of the bonds. The following schedule shows the general obligation annual debt service requirements and is followed by a detailed table describing each individual general obligation bond issue outstanding:

GENERAL OBLIGATION BONDS

Debt Service Requirements to Maturity

(Amounts in Thousands)

Maturity	Principal	Interest	Total
2017	$ 46,265	$ 30,470	$ 76,735
2018	56,995	27,250	84,245
2019	59,660	24,577	84,237
2020	62,530	21,698	84,228
2021	65,765	18,769	84,534
2022-2026	216,260	56,949	273,209
2027-2031	94,480	20,077	114,557
2032-2036	46,830	4,624	51,454
2037	7,600	114	7,714
Total	656,385	**$ 204,528**	**$ 860,913**
Unamortized Premium	65,998		
	$ 722,383		

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GENERAL OBLIGATION BONDS PAYABLE
(Amounts in Thousands)

General Obligation Issue (Amounts in Thousands)	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2016
Series 2007 - Economic Develop. & Industry Recruitment	08/01/07	08/01/27	3.50% to 5.00%	36,600
Series 2010 A - Refunding Bonds	03/23/10	06/01/21	3.00% to 5.00%	21,175
Series 2010 B - Refunding Bonds	03/23/10	06/01/21	3.00% to 4.00%	6,955
Series 2010 C - Refunding Bonds	05/11/10	06/01/21	3.30% to 5.00%	35,570
Series 2010 D - Economic Development	05/11/10	06/01/32	3.00% to 5.00%	93,025
Series 2013 A - Refunding Bonds	08/01/13	08/01/25	0.20% to 3.30%	120,100
Series 2013 B	08/01/13	08/01/33	0.20% to 4.40%	29,430
Series 2013 C - Refunding Bonds	08/01/13	08/01/21	0.50% to 2.60%	1,250
Series 2014 A - Refunding Bonds	08/01/14	08/01/26	0.60% to 2.60%	187,085
Series 2016 A	02/24/16	11/01/36	0.56% to 3.14%	98,500
Series 2016 B	02/24/16	11/01/21	0.55% to 1.05%	26,695
Sub-total General Obligation Bonds				656,385
‡ Plus: Unamortized Premiums				65,998
Total General Obligation Bonds				**$ 722,383**

‡ Unamortized premiums $1,453 for Series 2007, $1,250 for Series 2010-A, $192 for Series 2010-B
$1,947 for Series 2010-C, $6,382 for Series 2010-D, $11,329 for Series 2013-A
$1,339 for Series 2013-B, $35 for the Series 2013-C, $26,503 for the Series 2014-A.
$12,156 for Series 2016-A, and $3,412 for Series 2016-B.

3. Revenue Bonds

a. Primary Government – Governmental Activities

The Alabama Corrections Institution Finance Authority issues bonds for the purposes of acquiring land and constructing correctional institutions. The bonds are payable from revenues derived from payments under a lease agreement between the Authority and the Department of Corrections.

The Alabama Building Renovation Finance Authority issues bonds to provide funding for the renovation, reconstruction, operation, and maintenance of public office buildings in the state capitol complex. The Authority also receives income from the rental of the office buildings to state agencies. The bonds issued by the Authority are payable from the rents received by the authority under lease agreements.

The Alabama Judicial Building Authority issues bonds for the purpose of funding the acquisition, construction, and capital improvements of judicial facilities. The bonds are payable from revenues and receipts paid by the Judicial System pursuant to the lease and earnings, if any, on funds held by the State Treasurer.

The Alabama Public Health Care Authority issues bonds for the purpose of funding the acquisition, construction, and equipping of buildings located in each county for the use of the Department of Public Health. Transfers received from the Department of Public Health, along with income from investing idle funds are used for the payment of principal and interest on the bonds. A Municipal Bond Insurance Policy also guarantees payment of the bonds.

The Alabama Federal Aid Highway Finance Authority issues bonds for the purpose of funding the costs of constructing any roads, streets, parks, right of ways, bridges, railroad crossings, drainage structures, signs, guard rails, structures, interstates, surfaces, resurfaces, shoulders, road sides, or any other work which is eligible for federal aid financing assistance under Title 23, Chapter 1, of the United States Code and applicable regulations. The bonds are issued in anticipation of the receipt by the State of the federal share of the costs. Principal and interest paid for the current year and federal revenue were $69,018,000 and $879,342,000, respectively.

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The Alabama Incentives Finance Authority issues bonds to fund financial commitments to industries relocating to Alabama under the terms of the State's Industrial Incentives legislation. Revenues from the Tennessee Valley Authority to the State "in lieu of taxes" are pledged for the payment of these bonds. Principal and interest paid for the current year and the "in lieu of taxes" revenue were $17,940,000 and $16,152,000, respectively.

The Alabama Public School and College Authority is authorized to issue bonds to construct and improve educational buildings. Revenue from the sales and use taxes, the leasing tax, and the utilities gross receipts and use taxes are pledged for the payment of these bonds. Principal and interest paid for the current year was $278,471,000. Sales taxes, use taxes, leasing taxes, and utilities gross receipts and use taxes for the current year were $2,524,359,000.

The Alabama Mental Health Finance Authority issues bonds for the acquisition, construction, improvement, and equipping of mental health facilities. Revenues from certain tobacco and liquor taxes are pledged for the payment of principal and interest on these bonds. Principal and interest paid for the current year was $2,086,000. Tobacco and liquor taxes for the current year were $8,483,000.

The Alabama Twenty-first Century Authority issues bonds for the purpose of promoting economic development and industrial recruitment for the State of Alabama. The bonds are special obligations of the Authority payable solely from the Trust Estate created under the Indenture. Principal and interest paid for the current year and tobacco settlement revenue were $12,833,000 and $13,000,000, respectively.

The Alabama Revolving Loan Fund Authority issues bonds for the purpose of making grants to the Regional Planning and Development Commissions which are utilized by the grantees as revolving loan funds. Revenues from privilege and license tax on providers of cellular radio telecommunication services are used to pay the debt. Principal and interest paid for the current year and cellular radio telecommunication privilege and license taxes were $1,846,000 and $50,447,000, respectively.

The Alabama Highway Finance Corporation issues bonds for the purpose of funding the state's share of the cost of constructing roads and bridges that the federal government and state funds jointly. The 0.07 gasoline tax, 0.13 diesel fuel tax, 0.06 diesel fuel tax, motor carrier tax, inspection fees, and identification marker fees are used to pay the debt. Principal and interest paid for the current year and specified taxes were $3,818,000 and $354,141,000, respectively.

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PRIMARY GOVERNMENT

Governmental Activities Revenue Bonds (Amounts in Thousands)	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2016
Alabama Building Renovation Finance Authority				
Series 2010	07/21/10	09/01/24	2.50% to 4.00%	$ 17,275
Alabama Judicial Building Authority				
Series 2007	10/01/07	11/01/18	3.50% to 5.00%	8,820
Alabama Public Health Care Authority				
Series 2015	03/12/15	09/01/44	2.00% to 5.00%	54,845
Series 2016	04/24/16	09/01/35	0.75% to 3.12%	21,950
Alabama Federal Aid Highway Finance Authority				
Series 2011	08/23/11	03/01/17	1.00% to 5.00%	16,815
Series 2012	12/06/12	09/01/26	0.35% to 2.40%	302,645
Series 2015	01/21/15	09/01/36	2.34% to 2.99%	528,130
Alabama Incentives Finance Authority				
Series 2009-A	09/17/09	09/01/29	3.00% to 4.00%	18,055
Series 2009-B	09/17/09	09/01/29	1.93% to 4.00%	76,840
Series 2009-C	09/17/09	09/01/29	3.00% to 4.00%	13,610
Series 2012-A	10/23/12	09/01/42	0.45% to 3.85%	123,385
Alabama Public School and College Authority				
Series 2007	12/05/07	12/01/27	2.50% to 5.00%	176,445
Series 2008-A	09/05/08	02/01/18	3.25% to 4.25%	4,340
Series 2009-A	10/21/09	05/01/19	5.00% to 5.00%	136,310
Series 2009-B	10/21/09	05/01/19	3.00% to 5.00%	61,765
Series 2009-C	10/21/09	05/01/19	3.00% to 4.00%	4,945
Series 2009-D	12/03/09	12/15/25	3.70% to 3.70%	145,880
Series 2010-A	04/14/10	05/01/19	4.00% to 5.00%	79,090
Series 2010-Q	09/14/10	03/01/27	5.15% to 5.15%	154,727
Series 2010-C	11/29/10	12/01/20	2.48% to 2.48%	45,120
Series 2010-D	11/29/10	12/01/20	3.77% to 3.77%	10,810
Series 2011-A	06/02/11	05/01/26	4.60% to 4.60%	51,270
Series 2011-B	06/02/11	05/01/21	2.00% to 5.00%	18,130
Series 2012-A	02/29/12	03/01/24	3.00% to 5.00%	53,495
Series 2012-B	02/29/12	03/01/29	2.50% to 5.00%	75,490
Series 2012-C Direct Loan Bonds	10/31/12	11/01/22	1.55% to 1.55%	4,165
Series 2012-D Direct Loan Bonds	10/31/12	11/01/22	2.02% to 2.02%	20,180
Series 2013-A	06/24/13	06/01/33	3.00% to 5.00%	106,660
Series 2013-B	06/24/13	06/01/33	4.00% to 5.00%	51,510
Series 2013-C	10/09/13	09/01/33	1.48% to 4.10%	80,000
Series 2013-D	10/09/13	09/01/33	0.45% to 4.25%	22,030
Series 2014-A	05/15/14	02/01/26	0.20% to 2.72%	68,425
Series 2014-B	07/01/14	01/01/27	1.26% to 2.80%	546,850
Series 2015-A	04/16/15	05/01/24	1.45% to 2.17%	33,635
Series 2015-B	04/16/15	05/01/29	1.27% to 3.23%	47,610
Series 2015-C	04/16/15	06/01/29	0.37% to 2.98%	45,450
Series 2016-A	06/23/16	06/01/36	0.75% to 3.00%	29,245
				$ 3,255,947

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PRIMARY GOVERNMENT, Continued Governmental Activities Revenue Bonds (Amounts in Thousands)	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2016
Sub-Total from previous page				**$ 3,255,947**
Mental Health Finance Authority				
Series 2012	07/01/12	06/01/23	2.12% to 2.12%	13,620
Alabama Twenty-first Century Authority				
Tobacco Settlement Revenue Bonds, Series 2012	03/08/12	06/01/21	3.00% to 5.00%	66,125
Alabama Revolving Loan Fund Authority				
Series 2010	12/01/10	03/01/30	2.50% to 6.13%	16,210
Alabama Highway Finance Corporation				
Series 2014	06/01/14	06/01/21	1.70% to 1.70%	18,140
Sub-total Revenue Bonds Payable				3,370,042
§ Plus: Unamortized Premiums				297,686
Net Primary Government Revenue Bonds Payable, Governmental Activities				**$ 3,667,728**

§ Unamortized premium is $110,270 for Federal Aid Highway Finance Authority, $1,277 for Building Renovation Finance Authority, $152 for the Judicial Building Authority, $5,416 for the Alabama Twenty-first Century Authority, $6,212 for the Alabama Public Health Care Authority, $160,714 for the Alabama Public School and College Authority, $13,612 for the Incentives Financing Authority, and $33 for the Alabama Revolving Loan Fund Authority.

b. Primary Government – Business-Type Activities

The Alabama State Port Authority issues bonds for the construction and maintenance of a wharf, warehouse, open storage area, and other port facilities at Mobile Bay. The bonds are secured by the gross revenues of the Authority derived from charges made by the Authority for all services provided. The Series 2008-A bonds pays a variable rate that is indexed to LIBOR (London Interbank Offered Rate). The Authority is in compliance with all debt covenants as of September 30, 2016. Principal and interest paid for the current year and gross revenues were $25,845,000 and $119,690,000, respectively.

The Alabama Community College System has numerous bond issues outstanding for a variety of purposes. Most were issued for the construction, renovation, and acquisition of buildings for various purposes, including classrooms, research facilities, dormitories, student centers, dining facilities, and athletic facilities. Principal and interest paid for the current year and tuition and fee revenue were $27,385,000 and $148,761,000, respectively.

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PRIMARY GOVERNMENT Business-Type Activities Revenue Bonds, Proprietary Funds (Amounts in Thousands)	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2016
State Port Authority				
Series 2006-A	11/01/06	10/01/36	4.50% to 5.00%	$ 131,355
Series 2006-B	11/01/06	10/01/36	4.50% to 5.00%	42,195
Series 2006-D	12/07/06	10/01/30	4.35% to 4.35%	21,600
Series 2008-A	04/01/08	10/01/21	Variable	42,880
Series 2010	12/09/10	10/01/40	5.75% to 6.00%	106,045
Alabama Community College System	Various	Various	1.25% to 6.30%	261,538
Sub-total Revenue Bonds Payable, Proprietary Funds				605,613
§ Plus: Unamortized Premium				535
Net Primary Government Revenue Bonds Payable, Proprietary Funds				**$ 606,148**

§ Unamortized premium $535 for Alabama State Port Authority.

Revenue Bonds
Debt Service Requirements to Maturity
(Amounts in Thousands)

	Governmental Activities		Business-type Activities	
Maturity	Principal	Interest	Principal	Interest
2017	$ 252,160	$ 148,786	$ 28,553	$ 25,031
2018	256,250	137,343	29,209	24,200
2019	269,605	125,139	30,308	23,343
2020	200,605	112,268	30,875	22,424
2021	209,075	102,799	31,259	21,489
2022-2026	1,018,745	383,141	145,457	90,689
2027-2031	758,317	157,155	115,447	63,902
2032-2036	307,820	51,366	93,725	39,604
2037-2041	71,955	17,202	100,780	15,504
2042-2044	25,510	1,953		
Total	3,370,042	**$ 1,237,152**	605,613	**$ 326,186**
Unamortized Premium	297,686		535	
	$ 3,667,728		**$ 606,148**	

c. Component Units

The Alabama Housing Finance Authority issues bonds that are limited obligations of the Authority and are not a debt or liability of the State. Each bond issue is secured, as described in the applicable trust indenture, by all revenues, monies, investments, mortgage loans, and other assets in the funds and accounts of the program. Substantially all of the Authority's assets are pledged as security for the bonds.

The Alabama Water Pollution Control Authority issues bonds to provide funds for the purpose of making loans to certain local government units to construct sewage treatment plants and related facilities. Proceeds from loan agreements are used for payment of debt service related to the bonds.

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The Alabama Drinking Water Finance Authority issues bonds to provide funds which are used to make loans to local governments for planning, designing, acquiring, or constructing sanitary drinking water and related facilities. Proceeds from the loan agreements are used for payment of debt service related to the bonds.

The boards of the various institutions of higher education have numerous bond issues outstanding for a variety of purposes. Most were issued for the construction, renovation, and acquisition of buildings for various purposes, including classrooms, research facilities, dormitories, student centers, dining facilities, hospitals, and athletic facilities.

COMPONENT UNITS **Revenue Bonds (Amounts in Thousands)**	**Date Issued**	**Final Maturity Date**	**Interest Rates**	**Bonds Payable Sept. 30, 2016**
Alabama Housing Finance Authority				
Single Family Bond Programs	2000-2010	2017-2039	1.28% to 7.80%	$ 107,793
Alabama Water Pollution Control Authority				
Revolving Fund Loan Bonds	2010-2012	2021-2023	2.00% to 4.00%	75,875
Alabama Drinking Water Authority				
Revolving Fund Loan Bonds	2012-2015	2024-2027	0.05% to 5.00%	53,415
Alabama Space Science Exh Finance Authority	2014	2032	2.72% to 5.09%	10,539
Higher Education				
University of Alabama - Tuscaloosa	2006-2014	2019-2044	1.00% to 6.28%	867,755
University of Alabama - Birmingham	2005-2015	2018-2043	0.20% to 5.80%	875,938
University of Alabama - Huntsville	1980-2015	2020-2043	0.84% to 6.13%	97,194
Athens State	2007-2015	2027-2030	various	16,453
Alabama A&M University	2007-2015	2030-2045	2.02% to 5.00%	62,675
Alabama State University	1982-2012	2022-2042	2.00% to 5.43%	210,505
Auburn University	1978-2016	2018-2042	2.00% to 5.00%	665,130
Jacksonville State University	2009-2016	2023-2039	various	71,940
University of West Alabama	2011-2012	2041-2042	various	50,615
University of Montevallo	1985-2012	2022-2035	1.34% to 4.00%	24,571
University of North Alabama	2010-2014	2035-2044	2.00% to 6.55%	75,405
University of South Alabama	1999-2016	2018-2038	2.14% to 5.25%	348,545
Troy University	2009-2015	2020-2037	various	135,495
Total Revenue Bonds Payable				3,749,843
Less: Unamortized Discounts †				(2,736)
Plus: Unamortized Premium §				139,733
Net Revenue Bonds Payable, Component Units				**$ 3,886,840**

† Unamortized discounts were $16 for the University of South Alabama, $148 for the University of Montevallo, $552 for Jacksonville State University $572 for the University of North Alabama, $1,250 for Alabama State University and $198 for the University of West Alabama.

§ Unamortized premiums were $34,669 for the University of Alabama - Tuscaloosa, $66,128 for Auburn University, $20,640 for the University of South Alabama, $748 for the Water Pollution Control Authority, $660 for Alabama State University, $7,637 for University of Alabama - Birmingham, $1,765 for Jacksonville State University, $5 for the University of West Alabama, $2,348 for the Alabama Drinking Water Authority, $2,967 for Troy University, $848 for the University of Alabama - Huntsville and $1,318 for the University of North Alabama.

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COMPONENT UNITS
Debt Service Requirements to Maturity
(Amounts in Thousands)

Maturity	Principal		Interest	Total
2017	$ 215,138		$ 151,260	$ 366,398
2018	162,565		149,292	311,857
2019	147,170		144,381	291,551
2020	149,866		139,200	289,066
2021	152,485		133,364	285,849
2022-2026	765,723		562,306	1,328,029
2027-2031	772,488		402,786	1,175,274
2032-2036	745,120		241,358	986,478
2037-2041	532,856		81,685	614,541
2042-2046	106,432		4,487	110,919
Total	3,749,843	†	**$ 2,010,119**	**$ 5,759,962**
Unamortized Discount	(2,736)			
Unamortized Premium	139,733			
	$ 3,886,840			

4. Refunded Bonds

Advance refunding bonds are issued to retire existing bonds. A portion of the proceeds from the sale of the refunding bonds is deposited with an escrow agent according to an escrow trust agreement. The proceeds are invested by the escrow agent in certain U.S. Treasury obligations in such amounts with certain maturities to provide sufficient funds to pay the remaining maturing principal and interest on the refunded bonds as they become due. The refunded bond debt is considered to be retired for financial reporting purposes even though the debt is still legally outstanding and the issuer of the bonds has not been released from the debt obligations. The U.S. Treasury obligations constitute a trust fund to be held by the escrow agent for the benefit of the holders of the refunded bonds. Advance refundings and early redemptions are discussed in the remainder of this section.

a. Primary Government

On April 27, 2016, the Alabama Public Health Care Authority (Authority) issued Revenue Bonds, Series 2016 of $22,355,000 to finance public health facilities and to advance refund $21,660,000 of the Revenue Bonds, Series 2005. The Authority deposited funds in an irrevocable trust to provide for all future debt service on the refunded portion of the Revenue Bonds, Series 2005. On May 27, 2016, the refunded portion of the Revenue Bonds, Series 2005 was fully redeemed. The advance refunding increased total debt service payments by approximately $1,865 and net proceeds received amounted to approximately $3,275,000. The refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $3,273,711.

b. Component Units

On August 17, 2016, Auburn University issued $217,930,000 in General Fee bonds to currently and advance refund $218,035,000 of outstanding bonds. The portion of the net proceeds of the new bond issue to be used for refunding were deposited in an irrevocable trust with an escrow agent and were used to purchase US Government securities which will provide sufficient funds to pay all future debt service payments on the previously outstanding bonds. As a result, the previously outstanding bonds are considered defeased and the liability for those bonds has been removed from the University's financial statements. The refunding resulted in the University recognizing an accounting loss of $34,274,000 for the difference between the acquisition price of the new debt and the carrying amount of the old debt. The refunding decreases the University's total debt service payments by $32,923,000 and resulted in an economic gain of $21,486,000.

In September 2016, the University of South Alabama issued the University Facilities Revenue Refunding Bonds, Series 2016, with a face value of $85,605,000. The proceeds were used to partially defease the Series 2008 bonds. The funds were deposited into escrow trust funds to provide for the subsequent repayment of the Series 2008 bonds until they are called in December 2018. The assets of the escrow trust fund and the defeased indebtedness are excluded in the accompanying statement of net position.

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In October 2015, Athens State University issued Series 2015 Revenue Bonds to advance refund a portion of the 2007 Revenue Bonds. An escrow fund was established that will be used for the redemption and retirement of $7,405,000 of outstanding principal of the 2007 Revenue Bonds. As a result of the refunding, the required cash flows decreased from $10,385,000 to $9,310,000 and the refunding resulted in an economic gain of $708,000.

c. Advance Refunded Bonds

Advance refunded bonds with remaining balances at September 30, 2016:

Primary Government	Amount
General Obligation 2007-A	$ 161,550,000
Alabama Public School & College Authority 2007	574,150,000
Alabama Public School & College Authority 2008-A	29,665,000
Alabama Public School & College Authority 2009-A	35,035,000
Alabama Public School & College Authority 2009-C	22,415,000
Component Units	
University of South Alabama	93,540,000
Troy University	13,000,000
Athens State	7,405,000

5. Arbitrage

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986, to calculate and rebate arbitrage earnings to the Federal Government. The U.S. Treasury has issued regulations on calculating the rebate amount and complying with the provisions of the Tax Reform Act of 1986. Governmental issuers must comply with the rebate regulation in order for their bonds to maintain tax-exempt status.

The regulations require the excess of the aggregate amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield to be rebated to the federal government. Income earned on excess earnings is also subject to rebate. Rebate payments, if required, are due at least once every five years over the life of the bonds. At September 30, 2016, there were no known outstanding liabilities for arbitrage.

This arbitrage information is based on incomplete data since some bond issues have not yet been included in arbitrage calculations. Any refunded bond issue is subject to the rebate requirement until the last bond is redeemed. Bond issues that have already been redeemed may be subject to additional payments if an arbitrage rebate or spending payment is owed and has not been paid.

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6. Bonds Authorized But Not Issued

(Amounts in Thousands)

Primary Government	Authorized	Issued	Unissued
General Obligation Bonds ϕ			
State of Alabama - Constitutional Amend 666	$ 750,000	$ 257,555	$ 492,445
State of Alabama - Constitutional Amend 887	50,000	26,695	23,305
Federal Aid Highway Finance Authority	Based on amount received in federal funds		
Farmers Market Authority	10,000	-	10,000
Highway Authority	20,000	7,000	13,000
Corrections Institution Finance Authority	83,000	19,000	64,000
Public Health Finance Authority	45,000	-	45,000
Alabama Economic Settlement Authority	628,715	-	628,715
Public Health Care Authority	Unlimited		
Parking Deck Authority	13,000	-	13,000
Garrett Coliseum Redevelopment Corporation	100,000	-	100,000
Alabama Toll Road, Bridge and Tunnel Authority	Based on Authority's construction of toll road, bridge or tunnel projects payable from tolls and other revenues		
State Industrial Development Authority †	100,000	38,390	61,610
Mental Health Finance Authority	100,000	99,981	19
Alabama Public School and College Authority-Pool Bonds	Unlimited		
Alabama Public School and College Authority-Capital Improvement Bonds	308,000	205,710	102,290
Total Reporting Entity	**$ 2,207,715**	**$ 654,331**	**$ 1,553,384**

ϕ Constitutional amendment 666, as amended, limits the aggregate outstanding general obligation bonds to $750,000,000. The aggregate limit does not include general obligation bonds authorized by other constitutional amendments. Constitutional amendment 887 authorized $50,000,000 in General Obligation Bonds for the National Guard Amory.

† The State Industrial Development Authority is authorized to issue a total of $100,000,000 in bonds in addition

7. Hedging Derivatives

University of South Alabama - On February 27, 2007, the University of South Alabama Research and Technology Corporation entered into a derivative transaction with Wells Fargo Bank, N.A. (successor to Wachovia Bank, N.A. the original counterparty). The derivative is a "receive variable, pay fixed" interest rate swap entered into in connection with the promissory note that came into effect upon conversion of the construction loan into a permanent loan on May 1, 2008. The Corporation utilizes the interest rate swap to convert its variable rate on the promissory note to a synthetic fixed rate. The promissory note came into effect on May 1, 2008, upon conversion of the construction loan. Also, on May 1, 2008, the interest rate swap associated with the loan became effective. The swap will terminate on May 1, 2028, when the loan matures. The notional amount of the swap will at all times match the outstanding principal amount of the loan. Under the swap, the Corporation pays the counterparty a fixed payment of 6.10 percent and receives a variable payment of the one-month LIBOR rate plus 0.85 percent. The Corporation paid $652,000 under the interest rate swap agreement for the year ended September 30, 2016, which is reflected as an increase in interest expenses.

Fair Value. At September 30, 2016, the negative fair value of the interest rate swap is $3,415,000. The changes in fair value are reported as deferred outflows on the Statement of Net Position since the interest rate swap is a hedging derivative instrument. The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot

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interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement.

Interest Rate Risk. On the Corporation's "receive-variable, pay-fixed" interest rate swap, as LIBOR decreases, the net payment on the swap increases.

Credit Risk. As of September 30, 2016, the Corporation was not exposed to credit risk on the interest rate swap because it had a negative fair value. However, if interest rates change and the fair value of the derivative becomes positive, the Corporation would have a gross exposure to credit risk in the amount of the derivatives' fair value. The counterparty was rated Aa1 by Moody's Investors Services and AA- by Standard & Poor's Ratings Services as of September 30, 2016

Termination Risk. The interest rate swap contracts use the International Swaps and Derivatives Association, Inc. Master Agreement, which includes standard default and termination events, such as failure to make payments, breach of agreement, and bankruptcy. At September 30, 2016, no events of default or termination had occurred. If the interest rate swap is terminated, interest rate risk associated with the variable rate debt would no longer be hedged. Also, if at the time of termination the interest rate swap had a negative fair value, the Corporation would be liable to the counterparty for a payment equal to the interest rate swap's fair value. To allow the Corporation the maximum flexibility to manage the utilization of Building II and III while at the same time providing protection for the counterparty, the Corporation granted the counterparty a $2,000,000 mortgage secured by an interest in the ground lease with respect to the parcel of land on which Building II stands, an interest in Building II, a security interest in Building II tenant leases, and a security interest in income received from rental of Building II.

Alabama State University – Alabama State University has entered into a pay-fixed interest rate swap agreement with J. P. Morgan Chase Bank with an objective of hedging cash flows on its 2004 Series General Revenue bonds with an effective date of August 27, 2004 and a maturity date of March 1, 2033. The terms of the agreement are for the University to pay 3.222 percent and receive 68 percent of the 30 day LIBOR rate. The notional amount at September 30, 2016 was $20,450,000 and the hedging derivative liability was a negative $4,653,000. The $544,000 increase in fair value is reported in deferred outflows on the Statement of Net Position.
As of September 30, 2016, the synthetic interest rates on the swapped portion of the 2004 general revenue bonds were 3.11 percent. The fair value of the pay-fixed rate swap was estimated through forecasting expected cash flows that are discounted. The University's interest rate swap hedging derivatives have been determined to be effective using the synthetic instrument method.

Interest Rate Risk. The University is exposed to interest rate risk on its interest rate swap. The fair value of this instrument is sensitive to interest rate changes. Because rates have changed since the effective date of the swap, a negative fair value existed at September 30, 2016. The negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the University's variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. As the yield curve rises, the value of the swap will increase and as rates fall, the value of the swap will decrease.

Credit Risk. As of September 30, 2016, the University is not exposed to credit risk because the swap has a negative fair value. However, should interest rates change and the fair value of the swap become positive, the University would be exposed to credit risk in the amount of the derivatives' fair value.

Basis Risk. The University receives 68 percent of 1-month LIBOR Index from J.P. Morgan Chase Bank (JPM) and pays a floating rate to its bondholders set by the Remarketing Agent. The University incurs basis risk when its bonds trade at a yield above 68 percent of 1-month LIBOR Index. If the relationship of the University's bonds trade to a percentage of LIBOR greater than 68 percent, the University will experience an increase in debt service above the fixed rate on the swap.

Termination Risk. The interest rate swap agreement has a stated termination date of March 1, 2033; however, the University and counterparty, JPM have the right to terminate the agreement prior to such date upon the occurrence of certain extraordinary events, and further, JPM has retained an option to terminate the agreement at any time on or after March 1, 2012 for any reason with no obligation to make any termination payment other than the amount of any regular periodic payment accruing to the termination date. In addition, if the University terminates the agreement prior to March 1, 2033, the University would be liable to the counterparty for a payment equal to the swap's negative fair value.

Rollover Risk. The University is not exposed to rollover risk, because the maturity dates for hedged variable-rate bonds and the interest rate swap agreement are the same, March 2033.

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8. Notes, Mortgages, and Capital Leases

At September 30, 2016 assets recorded under capital leases were as follows (amounts expressed in thousands):

Debt Principal Requirements to Maturity
(Amounts in Thousands)

Maturity	Governmental Activities Principal	Business-Type Activities Principal	Component Units Principal
2017	$ 25,324	$ 736	$ 30,059
2018	20,274	1,802	21,342
2019	18,285	382	18,022
2020	17,167	352	16,380
2021	16,495	1,497	29,944
2022-2026	76,389	95	60,651
2027-2031	65,820	22	40,552
2032-2036	20,888	-	40,293
2037-2041	4,390	-	12,563
2042-2046	880	-	-
2047-2051	272	-	-
Total	266,184	4,886	269,806
Interest	(74,984)	(368)	(91,453)
Net	**$ 191,200**	**$ 4,518**	**$ 178,353**

	Governmental Activities
Buildings	$ 157,063
Equipment	132
Less: accumulated depreciation	(61,637)
Total	**$ 95,558**

The State leases office buildings and equipment with varying terms and options. Most buildings under capital lease have a term of twenty-five to thirty years, but can range from twenty to forty years. Capital leases are recorded at the lower of the present value of the future minimum lease payments or fair market value. Principal and interest capital lease payments are recorded as expenditures of the applicable governmental function in the governmental fund. The largest capital leases in governmental activities are for buildings in county facilities used by the Department of Public Health and the Department of Human Resources.

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9. Changes in Noncurrent Liabilities

(Amounts in Thousands)		Beginning Balance (As Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government						
Governmental Activities:						
Bonds Payable:						
General Obligation Bonds		$ 571,645	$ 125,195	$ 40,455	$ 656,385	$ 46,265
Revenue Bonds		3,602,037	51,580	283,575	3,370,042	252,160
Total Bond Principal		4,173,682	176,775	324,030	4,026,427	298,425
Plus: Premiums		400,839	21,114	58,270	363,683	-
Less: Discounts		135		135	-	-
Total Bonds Payable		4,574,386	197,889	382,165	4,390,110	298,425
Capital Leases/Notes/Mortgages		180,902	22,999	12,701	191,200	16,160
Claims & Judgments		59,563	20,211	14,972	64,802	4,684
Compensated Absences	†	279,221	156,296	157,863	277,654	23,539
Net Pension Liabilities		2,968,210	827,056	517,520	3,277,746	-
Other Long-Term Liabilities	††	8,276	5,689	6,570	7,395	-
Other Post-Employment Benefits		1,075,573	199,258	76,613	1,198,218	-
Total Governmental Activities		**9,146,131**	**1,429,398**	**1,168,404**	**9,407,125**	**342,808**
Business-type Activities:						
Revenue Bonds		634,547	1,760	30,159	606,148	28,553
Capital Leases/Notes/Mortgages		4,607	762	851	4,518	636
Claims & Judgments		9,571	12,452	11,592	10,431	7,748
Compensated Absences	†	28,291	5,882	5,730	28,443	5,231
Net Pension Liabilities		495,917	173,259	101,688	567,488	-
Other Long-Term Liabilities	‡	10,980	828	1,216	10,592	137
Other Post-Employment Benefits		45,627	8,190	3,149	50,668	
Total Business-Type Activities		**1,229,540**	**203,133**	**154,385**	**1,278,288**	**42,305**
Total Primary Government		**$ 10,375,671**	**$ 1,632,531**	**$ 1,322,789**	**$ 10,685,413**	**$ 385,113**
Component Units:						
Revenue Bonds		$ 4,138,156	$ 387,025	$ 638,341	$ 3,886,840	$ 215,138
Capital Leases/Notes/Mortgages		186,744	32,587	40,978	178,353	22,074
Compensated Absences	†	166,233	3,529	10,243	159,519	138,452
Net Pension Liabilities		3,167,891	1,076,478	599,744	3,644,625	-
Claims & Judgments		105,178	1,184,358	1,169,773	119,763	52,968
Other Long-Term Liabilities	§	159,753	83,201	69,165	173,789	-
Other Post-Employment Benefits		12,039	2,398	922	13,515	-
Total Component Units		**$ 7,935,994**	**$ 2,769,576**	**$ 2,529,166**	**$ 8,176,404**	**$ 428,632**

† Compensated Absences debt is liquidated proportionately by all funds having payroll costs.

†† Other Long-term liabilities are payable as follows: Administrative Office of Courts $7,051, Dept of Education $173, Dept of Transportation $85 and Alabama Law Enforcement Agency $85.

‡ Other Long-term liabilities are payable as follows: State Port Authority $9,012 and Alabama College System $1,580.

§ Other Long-term liabilities are payable as follows: University of Alabama $28,644, Agricultural Development Authority $105, Auburn University $49,379, University of South Alabama, $90,580, University of North Alabama, $428, and Alabama State University, $4,653.

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NOTE 5 - DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

All of the deferred inflows of resources which total $505,236,000 reported in the Balance Sheet of the Governmental Funds are unavailable revenues that are not recognized as revenue under the modified accrual basis of accounting in the Statement of Revenues, Expenditures, and Changes in Fund Balances. The other Deferred Outflows of Resources and Deferred Inflows of Resources are summarized in the following tables.

(Amounts in Thousands)	Primary Government			
	Governmental Activities	**Business-Type Activities**	**Total**	**Component Units**
Deferred Outflows of Resources				
Hedging Interest Rate Swap	$ -	$ -	$ -	$ 8,445
Losses from Bond Refundings	84,964	6,880	91,844	95,550
Pension Related	412,796	80,226	493,022	570,996
Total Deferred Outflows of Resources	**$ 497,760**	**$ 87,106**	**$ 584,866**	**$ 674,991**
Deferred Inflows of Resources				
Hedging Interest Rate Swap	$ -	$ -	$ -	$ 1,246
Gains from Bond Refundings	703	3,183	3,886	90
Advance Grant Revenue	-	-	-	282
Pension Related	61,081	19,754	80,835	98,577
Total Deferred Inflows of Resources	**$ 61,784**	**$ 22,937**	**$ 84,721**	**$ 100,195**

(Amounts in Thousands)	Business-Type Activities Enterprise Funds				
	State Port Authority	**Alabama Community College System**	**Alcoholic Beverage Control Board**	**Nonmajor**	**Total Business-Type Activities**
Deferred Outflows of Resources					
Losses from Bond Refundings	$ 4,501	$ 2,379	$ -	$ -	$ 6,880
Pension Related	3,273	69,714	6,670	569	80,226
Total Deferred Outflows of Resources	**$ 7,774**	**$ 72,093**	**$ 6,670**	**$ 569**	**$ 87,106**
Deferred Inflows of Resources					
Gains from Bond Refundings	$ -	$ 3,183	$ -	$ -	$ 3,183
Pension Related	1,245	17,437	903	169	19,754
Total Deferred Inflows of Resources	**$ 1,245**	**$ 20,620**	**$ 903**	**$ 169**	**$ 22,937**

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(Amounts in Thousands)	Component Units						
	Housing Finance Authority	University of Alabama	Auburn University	University of South Alabama	Public Educ Emp Health Insurance	Nonmajor Component Units	Total Component Units
Deferred Outflows of Resources							
Hedging Interest Rate Swap	$ -	$ 377	$ -	$ 3,415	$ -	$ 4,653	$ 8,445
Losses from Bond Refundings	-	24,785	55,805	1,612	-	13,348	95,550
Pension Related	2,455	310,617	114,159	44,518	783	98,464	570,996
Total Deferred Outflows of Resources	**$ 2,455**	**$ 335,779**	**$169,964**	**$ 49,545**	**$ 783**	**$ 116,465**	**$ 674,991**
Deferred Inflows of Resources							
Hedging Interest Rate Swap	$ -	$ -	$ -	$ 1,246	$ -	$ -	$ 1,246
Gains from Bond Refundings	-	89	-	-	-	-	89
Advance Grant Revenue	-	-	283	-	-	-	283
Pension Related	-	62,205	3,407	22,768	18	10,179	98,577
Total Deferred Inflows of Resources	**$ -**	**$ 62,294**	**$ 3,690**	**$ 24,014**	**$ 18**	**$ 10,179**	**$ 100,195**

NOTE 6 - INTERFUND ACTIVITY AND INTRA-ENTITY BALANCES

A. Interfund Balances

Interfund balances as of September 30, 2016 consisted of (amounts in thousands):

	DUE FROM											
DUE TO	General Fund	Education Trust Fund	Medicaid Fund	Public Road & Bridge Fund	Public Welfare Trust Fund	Nonmajor Govern-mental	Unem-ployment Compen-sation	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds	Internal Service Funds	Fidu-ciary Funds	Total
General Fund	$ 0	$ 301	$ 0	$ 0	$ 0	$ 1,679	$ 0	$ 13,661	$ 0	$ 15	$ 0	$ 15,656
Education Trust	-	-	-	-	5	171	-	666	-	-	-	842
Alabama Trust	161,566	-	-	-	-	-	-	-	-	-	-	161,566
Medicaid Fund	343	350	-	-	1,981	15,196	-	-	-	-	-	17,870
Public Road & Bridge Fund	19	6	-	-	38	131	-	-	-	201	-	395
Public Welfare Trust Fund	-	195	4,383	-	-	702	-	7,349	-	-	-	12,629
Nonmajor Governmental	14,817	10,104	53,266	3,920	2,903	16,403	91	5,120	954	105	-	107,683
Alcoholic Beverage Control Board	-	-	-	-	-	5	-	-	-	-	-	5
Nonmajor Enterprise Funds	61	-	-	-	-	9,147	-	-	-	1,136	-	10,344
Internal Service Funds	1,714	1,304	1,677	1,050	3,436	9,984	-	197	-	2,880	5	22,247
Totals	$ 178,520	$ 12,260	$ 59,326	$4,970	$ 8,363	$ 53,418	$ 91	$ 26,993	$ 954	$ 4,337	$ 5	$ 349,237

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The majority of the interfund balances due to the Nonmajor Governmental Funds from the General Fund, Education Trust Fund, Medicaid, Unemployment Compensation Fund, and the Nonmajor Governmental Funds consist of routine short term borrowings of cash between funds of individual agencies.

The General Fund has the most interfund payables, $178,520,000 in total. Of that amount, $161,566,000 is to repay the General Fund Rainy Day Account within the Alabama Trust Fund which was used to alleviate a budget shortfall in fiscal year 2010. Pursuant to Amendment No. 803 *Constitution of Alabama 1901*, the Legislature must provide for the replenishment of the account within ten years after withdrawal.

The Education Trust Fund has interfund payables of $12,260,000 in total. Of that amount, $10,104,000 was payable to Nonmajor Governmental Funds.

Medicaid owed $4,383,000 to the Public Welfare Trust Fund and $53,266,000 to Nonmajor Governmental Funds. Of the amount owed to Nonmajor Governmental Funds, $37,871,000 is due to Mental Health, $7,301,000 is due to Senior Services, $5,445,000 is due to Public Health, $1,735,000 is due to Youth Services, $647,000 is due to Medicaid, $261,000 is due to Rehabilitation Services, and $6,000 is due to Legislative Reference Services.

Nonmajor Governmental Funds have interfund payables totaling $53,418,000. Of that amount, $15,196,000 is owed to Medicaid, $16,403,000 is owed to other Nonmajor Governmental Funds, and $9,984,000 is owed to Internal Service Funds for goods and services.

The Alcoholic Beverage Control Board (ABC) has interfund payables totaling $26,993,000. ABC owed $13,661,000 to the General Fund and $7,349,000 to the Public Welfare Trust Fund. ABC is required by law to distribute profits and certain taxes collected to those two funds and local governments. The law also allows ABC to delay distribution for 120 days in order to maintain sufficient operating cash.

The Alabama Trust Fund has the largest interfund receivables, $161,566,000 due from the General Fund as previously noted. Nonmajor Governmental Funds rank second in interfund receivables, at $107,683,000. Almost half, or $53,266,000 is due from Medicaid. The Internal Service Funds rank third in interfund receivables, at $22,247,000. The Internal Service Fund receivables generally represent normal billings for services rendered or goods sold to the other funds late in the fiscal year which will be paid early in the subsequent fiscal year. The Medicaid Fund had $17,870,000 in receivables. $11,298,000 of that amount is due from Department of Mental Health, a Nonmajor Governmental Fund.

B. Balances with Component Units

Balances owed by state funds to component units at September 30, 2016, consisted of (amounts in thousands):

	PAYABLE TO
PAYABLE BY	Nonmajor Component Units
General Fund	$ 153
Education Trust Fund	209
Public Road and Bridge Fund	6
Nonmajor Governmental	773
Nonmajor Enterprise Funds	-
Internal Service Funds	29
Primary Government	5,035
Totals	$ 6,205

Water Pollution Control Authority, a Nonmajor component unit, has a long term receivable of $5,035,000 that is due from the primary government as a whole. The second largest payable of $773,000 is a short term payable owed by Nonmajor Governmental Funds to the Supercomputer Authority and other nonmajor component units.

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Balances owed to state funds by component units at September 30, 2016 consisted of (amounts in thousands):

	PAYABLE FROM			
PAYABLE TO	University of Alabama	Public Education Employees' Health Insur	Nonmajor Component Units	Total
Public Road and Bridge Fund	-	-	5	5
Nonmajor Governmental	$ 44,130	$ 723	$ 686	$ 45,539
Nonmajor Enterprise	-	-	10	10
Internal Service Funds	-	5	124	129
Totals	$ 44,130	$ 728	$ 825	$ 45,683

The component units of the State owe $45,683,000 to various funds of the State. The largest amount, $44,130,000, is owed by the University of Alabama to the Department of Mental Health for the purchase of the Bryce Hospital property and the construction of replacement facilities. $686,000 is owed to Nonmajor Governmental funds by Nonmajor Component Units. Of that amount, $133,000 is owed by the Water Pollution Control Authority. This payable is owed to the Department of Environmental Management primarily for administrative and payroll costs. State Insurance Fund, a Nonmajor Enterprise Fund, financed building renovations for Crime Victims Compensation, a Nonmajor Component Unit in the amount of $10,000 for a period of less than one year. The Internal Service Fund receivable of $129,000 is owed for routine billings of services rendered.

C. Balances between Component Units

There were not any balances owed between component units at September 30, 2016.

D. Interfund Transfers

Transfers among the various funds of the primary government during fiscal year 2016 were as follows (amounts in thousands):

	TRANSFERS IN												
TRANSFERS OUT	General Fund	Education Trust Fund	Ala Trust Fund	Medicaid Fund	Public Road & Bridge Fund	Public Welfare Trust Fund	Nonmajor Governmental	Unemployment Compensation	Alabama Community College System	Alcoholic Beverage Control Board	Nonmajor Enterprise	Internal Service Funds	Fiduciary Funds	Total
General Fund	$ 0	$ 0	$ 0	$ 26,850	$ 0	$ 58,709	$ 273,007	$ 0	$ 0	$ 0	$ 0	$ 10,121	$ 0	$ 368,687
Education Trust Fund	-	-	-	7,176	-	27,721	228,078	-	334,691	-	3,983	1,785	33,952	637,386
Alabama Trust	103,310	-	-	-	-	-	67,678	-	-	-	-	-	-	170,988
Medicaid	-	-	-	-	-	60,171	726,293	-	-	-	-	470	-	786,934
Public Road & Bridge Fund	-	-	-	-	-	-	153,193	-	-	-	-	1,275	-	154,468
Public Welfare Trust Fund	-	5	-	32,589	478	-	51,041	-	-	-	-	1,039	-	85,152
Nonmajor Governmental	99,409	-	734	206,986	220,212	1,799	529,973	1,084	16,407	60	-	13,263	-	1,089,927
Unemployment Compensation	-	-	-	-	-	-	10,853	-	-	-	-	-	-	10,853
State Port Auth	-	-	-	-	-	-	60	-	-	-	-	-	-	60
Alcoholic Beverage Control Board	19,523	-	-	-	-	433	17,136	-	-	-	-	240	-	37,332
Nonmajor Enterprise	-	-	-	-	-	-	8,153	-	-	-	-	4,079	-	12,232
Internal Service Funds	-	-	-	-	-	-	1,167	-	-	-	-	30,833	-	32,000
Fiduciary Funds	-	-	-	-	-	-	915	-	-	-	-	26	-	941
Totals	$ 222,242	$ 5	$ 734	$ 273,601	$ 220,690	$ 148,833	$ 2,067,547	$ 1,084	$ 351,098	$ 60	$ 3,983	$ 63,131	$ 33,952	$ 3,386,960

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Transfers are often made between funds as required by the legislature in the appropriation acts as well as by a variety of existing statutes. Of the $368,687,000 transferred to other funds by the General Fund, $193,781,000 was transferred in compliance with the appropriation acts. Of that amount, $58,709,000 was transferred to the Public Welfare Trust Fund, $62,800,000 was transferred to the Fair Trial Tax Fund, a Nonmajor Governmental Fund, and $67,138,000 was transferred to the Miscellaneous Special Revenue Funds, a Nonmajor Governmental Fund. The remaining General Fund transfers were made in small amounts to comply with a variety of statutes.

Of the $637,386,000 transferred out of the Education Trust Fund, $550,258,000 was transferred in compliance with the appropriation acts. Of that amount, $334,691,000 was transferred to supplement the operations of the Alabama Community College System. The Public Welfare Trust Fund received $27,721,000 and the Mental Health Department received $44,327,000. The remaining Education Trust Fund transfers were made in small amounts to comply with various statutes.

The Alcoholic Beverage Control Board transferred $19,523,000 to the General Fund and $433,000 to the Public Welfare Trust Fund, which represents those funds' statutorily mandated share of the Board's profits.

The Alabama Trust Fund, in compliance with amendments to the *Constitution of Alabama of 1901*, is required to transfer a substantial portion of its earnings to other funds. In compliance with these amendments, the General Fund received $103,310,000 and the Nonmajor Governmental Funds received $67,678,000. Within the Nonmajor Governmental Funds, the Forever Wild Land Trust Fund received $14,972,000, the County Government Capital Improvement Fund received $14,972,000, the Municipal Government Capital Improvement Fund received $14,972,000**,** the Alabama Capital Improvement Trust Fund received $17,011,000, the County and Municipal Capital Improvement Trust Fund received $4,253,000 and the Senior Services Trust Fund received $1,498,000.

NOTE 7 - RISK MANAGEMENT

A. Finance Department Division of Risk Management

The State manages risk through risk control and risk financing to minimize the adverse effects of certain types of losses. Risk financing includes self-insurance through several different funds. The State Insurance Fund provides coverage for state buildings and contents against fire and casualty losses. The General Liability Trust Fund insures state employees against the risk of loss from employment-related liability claims. The State Employee Injury Compensation Trust Fund was created by the 1994 legislature to provide benefits to eligible state employees for job-incurred injury. The State Insurance Fund, the General Liability Trust Fund, and the State Employee Injury Compensation Trust Fund are administered by the Division of Risk Management of the Department of Finance.

There was no significant reduction in insurance coverage by the three Division of Risk Management funds from the prior year. These funds do not have acquisition costs; therefore, no cost is amortized for the period. The funds use the accrual basis of accounting for reporting purposes. As required by GASB Statement No. 72, "Fair Value Measurement and Application," most investments are recorded at fair value. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Estimated claims liabilities are calculated by a professional actuary based on prior claims data. Non-incremental claims adjustment expenses have not been included as part of the liability for any of the funds.

The separately issued financial report of the Division of Risk Management contains additional note disclosures and supplementary information regarding claims development and liabilities.

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1. State Insurance Fund

The State Insurance Fund (SIF) was established in 1923 and is under the *Code of Alabama 1975*, Section 41-15-1 for the purpose of insuring direct physical loss on buildings and contents in which title in whole or in part is vested in the State of Alabama or any of its agencies or institutions or in which funds provided by the State have been used for the purchases of land, construction of buildings, purchase or maintenance of any equipment, machinery, furniture, fixtures or supplies in such buildings and public school buildings together with the contents of all such buildings. All covered property shall be insured for no more than its replacement cost and shall be insured for no less than 80 percent of its actual cash value. Salvage value coverage, used on property that is normally uninsurable, is determined by applying eight percent of the property's reconstruction value. City boards of education may insure school buildings and property either in the State Insurance Fund or with an insurance company, whichever in the opinion of such board provides the best coverage for such school buildings and property. The principles of private industry insurance companies are utilized to establish rates, premium discounts, and experience credits to result in equitable premiums charged to policyholders. Excess insurance and reinsurance is acquired to assure the solvency of the fund. The State of Alabama, 122 city and county boards of education, and 19 entities in which State funds were used for capital acquisitions are participants in the pool.

Losses are recorded as current liabilities and expenses in the year reported. IBNR recognizes losses that have occurred but have not yet been reported. This liability and expense is determined by a professional actuary. The SIF has a $7,500,000 cumulative loss annual deductible and a $3,500,000 specific loss deductible for all perils except named and numbered wind, and a $10,000,000 specific loss deductible for named and numbered wind losses. Excess insurance covers claims exceeding the deductible with a $300,000,000 limit for named wind storms and a $2,000,000,000 limit for all other perils. Second event wind coverage for $9,000,000 in excess of $1,000,000 is purchased to provide additional protection to the SIF. Payments received in fiscal years 2016 and 2015 for settlements in excess of deductibles totaled $0 and $6,236,000 respectively.

The following table presents the changes in claims liabilities for the past two years:

(Amounts in Thousands)	September 30, 2016	September 30, 2015
Reported claims payable and estimated claims incurred but not reported at beginning of year	$ 6,855	$ 13,865
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	11,900	8,300
Increase (Decrease) in provision for insured events of prior years	(991)	(2,280)
Total incurred claims and adjustment expenses	10,909	6,020
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(6,316)	(2,857)
Claims and adjustment expenses attributable to insured events of prior years	(4,272)	(10,173)
Total payments	(10,588)	(13,030)
Reported claims payable and estimated claims incurred but not reported at end of year	$ 7,176	$ 6,855

A schedule of ten-year loss development information for the State Insurance Fund is in the Required Supplementary Information section of the CAFR.

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2. General Liability Trust Fund

The General Liability Trust Fund (GLTF) was established in 1984 to protect state employees from personal financial liability resulting from lawsuits that are based on alleged negligence while acting within the line and scope of state employment. Claims are investigated and defended through the Office of the Attorney General. Auto liability is fully reinsured and the re-insurer, American Southern Insurance Company, handles all claims. The GLTF is managed much like a commercial insurance company, with exposure evaluated and commensurate premiums assigned to state agencies. Investment activities are an essential part of the General Liability Trust Fund's ability to maintain lower-cost employee liability coverage. Funds in excess of those needed for immediate operations are invested to maximize return and keep premiums down.

Losses are recorded as current liabilities and expenses in the year reported. IBNR recognizes losses that have occurred but have not yet been reported. This liability and expense is determined by a professional actuary. Excess insurance was procured effective January 15, 2011. Excess insurance was not purchased in fiscal year 2015 but was renewed for fiscal year 2016. There were no payments received in fiscal years 2016, 2015, and 2014 for settlements in excess of deductibles for old claims.

The following table presents the changes in claims liabilities for the past two years:

(Amounts in Thousands)	September 30, 2016	2015
Reported claims payable and estimated claims incurred but not reported at beginning of year	$ 23,706	$ 25,415
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	4,623	5,123
Increase (Decrease) in provision for insured events of prior years	(4,708)	(3,870)
Total incurred claims and adjustment expenses	(85)	1,253
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(149)	(130)
Claims and adjustment expenses attributable to insured events of prior years	(2,253)	(2,832)
Total payments	(2,402)	(2,962)
Reported claims payable and estimated claims incurred but not reported at end of year	$ 21,219	$ 23,706

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3. State Employee Injury Compensation Trust Fund

The State Employee Injury Compensation Trust Fund (SEICTF) was created by the legislature on October 1, 1994. Its purpose is to provide benefits to eligible state employees for job-incurred injury. Benefits under SEICTF are administered by the Department of Finance, Division of Risk Management in accordance with the Alabama Administrative Code and include all reasonable medical expenses arising from a job-incurred injury, lost wages (including benefits for time lost from the job), and benefits to dependents of employees who are fatally injured on the job. Specifically excluded from coverage are employees of the State Port Authority, educational institutions, and local boards of education. A key element in assuring effective and efficient operation of SEICTF was the creation of a statewide medical provider network with a focus on professionals who are experts in treating occupational injury.

Losses are recorded as current liabilities and expenses in the year reported. IBNR recognizes losses that have occurred but have not been reported. This liability and expense is determined by a professional actuary.

The following table presents the changes in claims liabilities for the past two years:

(Amounts in Thousands)	September 30, 2016	2015
Reported claims payable and estimated claims incurred but not reported at beginning of year	$ 29,265	$ 30,061
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	5,863	5,948
Increase (Decrease) in provision for insured events of prior years	(2,142)	(1,600)
Total incurred claims and adjustment expenses	3,721	4,348
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(1,879)	(1,852)
Claims and adjustment expenses attributable to insured events of prior years	(3,262)	(3,292)
Total payments	(5,141)	(5,144)
Reported claims payable and estimated claims incurred but not reported at end of year	$ 27,845	$ 29,265

The Department of Transportation finances its own risk for state employee injury compensation. This table includes the changes in claims liabilities for the Department of Transportation as well as Risk Management. Claims liabilities at the beginning of the year for Transportation totaled $10,256,000, and total claims payments were $1,849,000 in 2016. The Department of Transportation had $9,210,000 in claims liabilities at the end of the year.

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B. Health Insurance Plans

1. State Employees' Insurance Plan

The State Employees' Insurance Plan (SEIP) was established in 1965 by Alabama Act No. 833 to provide health insurance benefits for state employees. The SEIP is administered by the State Employees' Insurance Board (SEIB). The monthly premiums for employee and dependent coverage are determined annually and are set at a rate necessary to provide sufficient funds to pay all claims and reasonable expenses of administering the plans. The State pays a monthly premium for each employee and the employee pays the established dependent premium. The SEIB establishes claims liabilities based on estimates of the ultimate cost of claims (including estimated future retroactive claims adjustments) that have been reported but not settled, and of estimated claims that have been incurred but not reported. Actual claims costs ultimately incurred may vary from estimated claims liabilities should the nature and frequency of actual claims vary from historical claims experience on which the estimates are based. Adjustments of the estimated claims liabilities based on actual results are charged or credited to expense in the periods in which such adjustments are determined.

The following table represents changes in claims liabilities for SEIB during the past two years :

(Amounts in Thousands)	September 30, 2016	2015
Reported claims payable and estimated claims incurred but not reported at beginning of year	$ 24,967	$ 45,453
Incurred claims and adjustment expenses:		
Provision for insured claims of the current year	283,513	337,883
Adjustment to estimated claims incurred but not reported at end of year	1,103	(12,412)
Total incurred claims and adjustment expenses	284,616	325,471
Payments:		
Claims and adjustment expenses attributable to insured claims of the current year	(264,925)	(315,747)
Claims and adjustment expenses attributable to insured claims of prior years	(17,443)	(30,210)
Total payments	(282,368)	(345,957)
Reported claims payable and estimated claims incurred but not reported at end of year	$ 27,215	$ 24,967

At year-end, unpaid claims liabilities are computed using the gross method without discounting the accrued claims payable. The separately issued financial report contains note disclosures and supplementary information regarding claims development.

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2. Public Education Employees' Health Insurance

The Public Education Employees' Health Insurance Fund (PEEHIF) was established in 1983 by the provisions of *Act 83-455* to provide a uniform plan of health insurance for current and retired employees of public educational institutions and to provide a method of funding the benefits related to the plan. The plan is administered by the Public Education Employees' Health Insurance Board (PEEHIB).

The State contributes a specified amount monthly to each respective participating school system. Each participating school system must then pay the employer rate to the PEEHIF each month. The employer rate per participant was $780 in 2016 and 2015. In addition to the employer payments each month, the employee pays certain premium amounts. PEEHIB established claims liabilities based on the actual cost of claims reported but not settled, and estimates of claims that have been incurred but not reported. Actual claims costs ultimately incurred may vary from estimated claims liabilities should the nature and frequency of actual claims vary from historical claims experience on which the estimates are based. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Note that $722,000 of unpaid claims at year-end is classified as due to the primary government.

The following table presents the changes in claims liabilities during 2016 and 2015:

(Amounts in Thousands)	September 30, 2016	2015
Unpaid claims and claim adjustment expense at beginning of year	$ 78,617	$ 74,363
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	898,706	874,208
Increase (Decrease) in provision for insured events of prior years	(5,286)	(3,168)
Total incurred claims and adjustment expenses	893,420	871,040
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(808,066)	(795,591)
Claims and adjustment expenses attributable to insured events of prior years	(73,331)	(71,195)
Total payments	(881,397)	(866,786)
Total unpaid claims and adjustment expenses at end of year	$ 90,640	$ 78,617

The separately issued financial report contains additional note disclosures and supplementary information regarding claims development.

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3. Alabama State Port Authority

The Alabama State Port Authority is partially self-insured with respect to workers' compensation claims. Each claim for a loss in excess of the established $750,000 or $1,000,000, depending on the classification code of the affected employee, is covered up to a $25 million policy limit. The liability for uninsured claims includes an estimated amount for claims that have been incurred but have not been reported. The following represents changes in those aggregate liabilities for the Authority during the past two years:

(Amounts in Thousands)	September 30, 2016	2015
Reported claims payable and estimated claims incurred but not reported at beginning of year	$ 2,704	$ 2,748
Provision for claims	1,125	966
Total payments	(574)	(1,010)
Reported claims payable and estimated claims payable incurred but not reported at end of year	$ 3,255	$ 2,704

The separately issued financial report contains additional note disclosures and supplementary information regarding claims development.

NOTE 8 - RETIREMENT PLANS

A. Retirement Systems of Alabama

The Retirement Systems of Alabama (RSA) administers the following three retirement programs for the benefit of state employees, public education employees, and judges: Teachers' Retirement System, Employees' Retirement System, and Judicial Retirement Fund.

1. Plan Descriptions

The Teachers' Retirement System of Alabama (TRS) is a cost-sharing multiple-employer defined benefit pension plan, established as of September 15, 1939, under the provisions of the 1939 *Alabama Acts* 419. The TRS provides retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The Board of Control has responsibility for the general administration and operation of the TRS.

The Employees' Retirement System of Alabama (ERS) is an agent multiple-employer defined benefit pension plan established as of October 1, 1945, under the provisions of the 1945 *Alabama Acts* 515. The ERS provides retirement allowances and other specified benefits for state employees, state police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. The Board of Control is responsible for the general administration and operation of the ERS.

The ERS Board of Control consists of 13 trustees. Four trustees are ex officio members: the Governor, the State Treasurer, the State Personnel Director, and the State Finance Director. Three trustees are vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of State government nor from any department of which an ex officio trustee is the head. The remaining six trustees of ERS are elected by members from the same category of ERS for a term of four years. These six trustees include one from the ranks of retired state employees, one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS, two vested active state employees and two vested active employees of an employer participating in ERS pursuant to *The Code of Alabama § 36-27-6*.

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As of September 30, 2015, membership consisted of:

ERS Membership

Group	State Employees	State Police	Total
Retirees and beneficiaries currently receiving benefits	22,739	890	23,629
Post-DROP Retired Members Still in Active Service	456	4	460
Vested Inactive Members	917	10	927
Non-vested inactive members	21,324	3	21,327
Active members	28,677	697	29,374
Total	74,113	1,604	75,717

The Judicial Retirement Fund (JRF) is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, established under the 1973 *Alabama Acts* 1163. The JRF provides retirement allowances and other specified benefits for any Justice of the Supreme Court of Alabama, Judge of the Court of Civil Appeals, Judge of the Court of Criminal Appeals, Judge of the Circuit Court, or office holder of any newly created judicial office receiving compensation from the State Treasury. Act Number 1205 of the legislature of 1975 supplemented the provisions of Act Number 1163 and enlarged the scope and coverage of the JRF to include District and Probate Judges. The Board of Control of the ERS administers and operates the JRF.

As of September 30, 2015, membership consisted of:

JRF Membership

Group	State Employees
Retirees and beneficiaries currently receiving benefits	384
Terminated employees entitled to but not yet receiving benefits	48
Active members	338
Total	770

a. Benefits Provided

The TRS, ERS, and JRF provide retirement benefits as well as death and disability benefits as established by State law. Changes to benefits, including ad hoc cost of living adjustments, must be established by statute. Benefits for TRS and ERS members vest after 10 years of credited service.

Tier 1 employees are those employees who were hired before January 1, 2013. This paragraph describes benefits available to Tier 1 employees. Teachers and state employees who retire after age 60 (52 for state police) with 10 years of credited service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service retirement benefits are calculated by two methods with the member receiving payment under the method which yields the highest monthly benefit: (1) minimum guaranteed, or (2) formula. Under the formula method, members of TRS and ERS (except state police) are allowed 2.0125 percent of their final average salary (highest 3 of the last 10 years) for each year of service. State police are allowed 2.875 percent for each year of state police service in computing the formula method. Disability retirement benefits are calculated in the same manner. JRF benefits vest from five to eighteen years. Except for justices or judges who were either disabled, elected prior to July 30, 1979, or have at least 25 years of credited service, no justice or judge shall be eligible to receive judicial service retirement pay prior to attaining sixty years of age. Service retirement benefits for justices and judges are dependent upon the particular office held in the judicial branch of government. A retirement benefit is payable upon the request of any member who has: (1) 25 years of credited service (regardless of age), (2) completed 12 years of credited service and has attained age 65, (3) completed 15 years of credited service and whose age plus service equals or exceeds 77, (4) completed 10 years of credited service and has attained age 70, or (5)

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been elected prior to July 30, 1979 and has 18 years of service (regardless of age). A member eligible to retire who has not requested his retirement benefit to commence at the end of the term in which his seventieth birthday occurs is entitled only to the refund of his contributions (except for members with at least 25 years of credited service). The service retirement benefit for circuit, appellate, and probate judges is 75 percent of the member's salary at the time of separation from service. The service retirement benefit for a district judge is 75 percent of the position's salary immediately prior to retirement.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for TRS and ERS members hired on or after January 1, 2013. Tier 2 TRS and ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of credited service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS and ERS (except State Police) are allowed 1.65 percent of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375 percent for each year of state police service in computing the formula method.

A pre-retirement death benefit is offered in which the account is credited with TRS and ERS employer contributions and investment income on such funds. The pre-retirement death benefit (group term life insurance) is paid in addition to the return of member contributions upon the death of an active TRS or ERS member who has completed at least one year of active membership in the system and whose date of death was within 180 days of the member's last date of actual service. However, a surviving spouse beneficiary of a deceased member who was eligible for service retirement may elect a survivor allowance in lieu of this benefit. The pre-retirement death benefit is equal to the annual earnable compensation of the member as reported to the system for the preceding year ending June 30 for TRS and September 30 for ERS. JRF does not offer a pre-retirement death benefit.

When a member withdraws from service prior to becoming vested, the member's accumulated contributions and a portion of accumulated interest credited to the Annuity Savings account are returned to the member. The portion of accumulated interest, which by law is not payable to the member, is transferred to the Expense Fund.

b. Pension Plan Financial Report
RSA issued a stand-alone financial report that includes financial statements and required supplementary information (including GASB Statement No. 67 disclosures) for the year ended September 30, 2016. Copies may be obtained from the RSA website at www.rsa-al.gov or by writing to:

The Retirement Systems of Alabama
P.O. Box 302150
201 South Union Street
Montgomery, AL 36130-2150

2. Summary of Significant Accounting Policies

a. Basis of Accounting
The TRS, ERS, and JRF pension plan fiduciary net positions have been determined on the same basis used by the pension plans. The TRS, ERS, and JRF financial statements are prepared using the economic resources measurement focus and accrual basis of accounting consistent with the plans. Contributions are recognized as revenues when earned, pursuant to plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. The financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board. Under these requirements, the TRS, ERS, and JRF are considered component units of the State of Alabama.

b. Investments
The Boards of Control of the Systems have the responsibility and authority to invest and reinvest available funds, through the Secretary-Treasurer and Investment Committee, in bonds, mortgage-backed securities, common and preferred stock, or other investment vehicles with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use. All plan assets are carried at fair value. Preferred, international, and most domestic equities are valued based on quoted prices in an active market. Domestic fixed maturity investments including money market funds, commercial paper, U.S. Agency securities, U.S. Government Guaranteed securities, corporate bonds, GNMAs, and CMOs and some domestic equities are valued based on inputs other than quoted prices which are observable either directly or indirectly, including quoted prices for identical or similar assets in a less active market or other market-corroborated inputs. Private equities, real estate, and some domestic equities are valued based on valuation techniques using significant unobservable inputs. As of September 30, 2016, the TRS and ERS owned debt and equity securities of Raycom Media Corporation which represented approximately 8.10

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percent and 8.83 percent, respectively, of the TRS and ERS investments. Additionally, TRS and ERS owned debt and equity securities of New Water Street Corporation which represented 5.47 percent of the TRS investments and 5.15 percent of ERS investments.

3. Employee Contribution Requirements

State Law established the contribution requirements and must be amended by state statute. The required contribution rate of active plan members for TRS and ERS (excluding state policemen, and certified firefighters, police officers and correctional officers) is 7.5 percent and 6.0 percent of earnable compensation for Tier 1 and Tier 2 members, respectively. State policemen are required to contribute 10 percent of earnable compensation. JRF members and certified firefighter, police officer, and correctional officer members of the TRS and ERS are required to contribute 8.5 percent of earnable compensation**.** Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS and ERS are required by statute to contribute 7 percent of earnable compensation.

4. Aggregate Disclosures

a. Aggregate Pension Liabilities, Pension Assets, Deferred Outflows, Deferred Inflows and Pension Expense All Pension Funds

Aggregate Amounts
(Amounts in Thousands)

	Total Pension Liabilities	Total Assets	Deferred Outflows	Deferred Inflows	Pension Expense
Governmental-type Activities	$ 8,663,572	$ 5,385,826	$ 412,796	$ 61,081	$ 248,089
Business-type Activities	1,699,619	1,132,131	80,226	19,754	46,297
Totals Primary Government	**$ 10,363,191**	**$ 6,517,957**	**$ 493,022**	**$ 80,835**	**$ 294,386**
Component Units	**$ 11,129,189**	**$ 7,484,564**	**$ 570,996**	**$ 98,577**	**$ 282,364**

5. Disclosures of Individual Plans of the Retirement Systems of Alabama

a. TRS

Employer Contributions Required and Made
As required by statute, the employer contribution rate is actuarially determined based on the amount needed in addition to employee contributions to fund the costs of member benefits earned during the year and to fund unfunded accrued liabilities. For fiscal year 2016, the required employer contribution rate was 11.94 percent for Tier 1 and 10.84 percent for Tier 2. Total employer contributions for fiscal year 2016 were $48,929,000 for the primary government ($14,903,000 for governmental activities, $34,026,000 for business-type activities), and $255,741,000 for discretely presented component units.

Pension Liabilities, Pension Expense, and Deferred Outflows of
Resources and Deferred Inflows of Resources Related to Pensions
The collective net pension liability was measured as of September 30, 2015 and the total pension liability used to calculate the net pension liability (NPL) was determined by an actuarial valuation as of September 30, 2014. Update procedures were used to roll forward the NPL to the reporting date. Each participating TRS unit included in the State's financial report has its own proportion of the collective net pension liability based on the individual participating units' share of contributions to the pension plan relative to the total employer contributions of all participating TRS units. At September 30, 2016, the proportionate share of the primary government and component units' net pension liability was as follows:

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TRS
Proportionate Share of Net Pension Liability

	Current Year Proportionate Share		Prior Year Proportionate Share		Change in Proportionate Share	
Governmental-type Activities	1.95	%	2.03	%	(0.08)	%
Business-type Activities	4.64		4.70		(0.06)	
Totals Primary Government	**6.59**	**%**	**6.73**	%	**(0.14)**	%
Component Units	**34.14**	%	**34.13**	%	**0.01**	%

For the year ended September 30, 2016, the primary government recognized pension expense of $50,882,000 (governmental-type activities - $16,237,000 and business-type activities - $34,645,000) and component units recognized a pension expense of $273,438,000.

As of September 30, 2016 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TRS
Deferred Outflows and Inflows of Resources
(Amounts in Thousands)

	Govt-type Activities	Business-type Activities	Total Primary Government	Component Units
Deferred Outflows of Resources				
n				
earnings on pension plan investments	$ 13,384	$ 31,773	$ 45,157	$ 234,177
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,507	4,450	12,957	68,815
Employer contributions subsequent to the measurement date	14,903	34,026	48,929	255,741
Total Deferred Ouflows of Resources	**$ 36,794**	**$ 70,249**	**$ 107,043**	**$ 558,733**
Deferred Inflows of Resources				
Differences between expected and actual experience	$ 1,107	$ 2,627	$ 3,734	$ 19,384
Changes in assumptions			-	
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,437	14,976	23,413	78,645
Total Deferred Inflows of Resources	**$ 9,544**	**$ 17,603**	**$ 27,147**	**$ 98,029**

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Employer contributions subsequent to the measurement date reported in the above tables as deferred outflows of resources will reduce the net pension liability reported as of September 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources will increase/(decrease) pension expense reported in subsequent years as follows:

TRS
Increase/(Decrease) to Pension Expenses
(Amounts in Thousands)

Fiscal Year Ended	Governmental Activities	Business-type Activities	Component Units
2017	$ 2,687	$ 2,472	$ 36,290
2018	2,687	2,472	36,290
2019	2,687	2,472	36,288
2020	4,647	11,552	96,934
2021	(361)	(348)	(839)

Actuarial Assumptions
The total pension liability in the September 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Projected salary increases	3.5% - 8.25%
Investment rate of returns*	8.00%

*Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of September 30, 2014, were based on the results of an actuarial experience study for the period October 1, 2005 through September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

Mortality rates for TRS were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA projected to 2015 and set back one year for females.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation		Long-Term Expected Rate of Return*	
Fixed Income	25.00	%	5.00	%
U.S. Large Stocks	34.00		9.00	
U.S. Mid Stocks	8.00		12.00	
U.S. Small Stocks	3.00		15.00	
International Developed Market Stocks	15.00		11.00	
International Emerging Market Stocks	3.00		16.00	
Real Estate	10.00		7.50	
Cash	2.00		1.50	
Total	**100**	**%**		

*Includes assumed rate of inflation of 2.50%.

Discount rate

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The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the System's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

TRS
Sensitivity to Changes in Discount Rate
(Amount in Thousands)

	1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
Governmental-type Activities	$ 270,409	$ 204,401	$ 148,418
Business-type Activities	642,001	485,283	352,372
Total Primary Government	**$ 912,410**	**$ 689,684**	**$ 500,790**
Component Units	**$ 4,731,892**	**$ 3,572,745**	**$ 2,597,179**

b. JRF

As mentioned above, the JRF is a multiple-employer cost sharing plan. The majority of the operations are related to the State. The remaining employers are county governments. All State related operations are governmental-type activities reported within the primary government. The State is responsible for all employer contributions.

Employer Contributions Required and Made

As required by statute, the employer contribution rate is actuarially determined based on the amount needed in addition to employee contributions to fund the costs of member benefits earned during the year and to fund unfunded accrued liabilities. For fiscal year 2016, the required employer contribution rate was 40.98 percent. Total employer contributions for fiscal year 2016 were $17,458,000.

Pension Liabilities, Pension Expense, and Deferred Outflows of
Resources and Deferred Inflows of Resources Related to Pensions

The collective net pension liability was measured as of September 30, 2015 and the total pension liability used to calculate the net pension liability (NPL) was determined by an actuarial valuation as of September 30, 2014. Update procedures were used to roll forward the NPL to the reporting date. All JRF activities are reported in the primary government – governmental-type activities. The State recognized pension expense of $13,195,000 and grant expense for nonemployer support provided to counties of $2,409,000.

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Information concerning the NPL, deferred outflows of resources and deferred inflows of resources are presented in the following tables:

JRF
Net Pension Liability
(Amounts in Thousands)

	Employer Share	Nonemployer* Share	Total NPL
	$ 136,254	$ 24,076	$ 160,330
Proportionate Share - Current Year	84.98 %	15.02 %	
Proportionate Share - Prior Year	85.05	14.95	
Change in Proportionate Share	(0.07) %	0.07 %	

* Represents the portion of the liability paid on behalf of local governments.

JRF
Deferred Outflows and Inflows of resources
(Amount in Thousands)

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ -	$ 5,589
Net difference between projected and actual earnings on pension plan investments	11,164	-
Employer contributions subsequent to the measurement date	17,458	-
Total Primary Government	**$ 28,622**	**$ 5,589**

Employer contributions subsequent to the measurement date detailed above as deferred outflows of resources will reduce the net pension liability reported as of September 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources will increase/(decrease) pension expense and grant expense reported in subsequent years as follows (all expenses are governmental–type activity expenses):

JRF
Increase/(Decrease) to Pension Expenses
(Amounts in Thousands)

Fiscal Year Ended	Employer Pension Expense	Nonemployer Grant Expense
2017	$ 289	$ 129
2018	289	129
2019	310	107
2020	3,672	651

Actuarial Assumptions
The total pension liability in the September 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Projected salary increases, including inflation	4.00%
Investment rate of returns, including inflation*	8.00%

*Net of pension plan investment expense

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The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an actuarial experience study for the period October 1, 2005 through September 30, 2010.

Mortality rates for JRF were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA projected to 2015 and set forward one year for females.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation		Long-Term Expected Rate of Return*	
Fixed Income	25.00	%	5.00	%
U.S. Large Stocks	34.00		9.00	
U.S. Mid Stocks	8.00		12.00	
U.S. Small Stocks	3.00		15.00	
International Developed Market Stocks	15.00		11.00	
International Emerging Market Stocks	3.00		16.00	
Real Estate	10.00		7.50	
Cash	2.00		1.50	
Total	**100**	**%**		

*Includes assumed rate of inflation of 2.50%.

Discount rate

The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability calculated using the discount rate of 8 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

JRF
Sensitivity to Changes in Discount Rate
Net Pension Liability
(Amounts in Thousands)

1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
$ 197,239	$ 160,330	$ 128,221

UNAUDITED DRAFT

c. State Employer Segment of ERS

Employer Contributions Required and Made

As required by statute, the employer contribution rate is actuarially determined based on the amount needed in addition to employee contributions to fund the costs of member benefits earned during the year and to fund unfunded accrued liabilities. For fiscal year 2016, the required employer contribution rate for regular state employees was 14.57 percent for Tier 1 employees and 14.09 percent Tier 2 employees. For fiscal year 2016, the required employer contribution rate for State Policemen was 42.61% for Tier 1employees and 38.98% for Tier 2 employees. Total employer contributions for fiscal year 2016 were $198,379,000 for the primary government ($193,243,000 for governmental activities, $5,136,000 for business-type activities), and $1,257,000 for component units.

Pension Liabilities, Pension Expense, and Deferred Outflows of
Resources and Deferred Inflows of Resources Related to Pensions

The State's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014 rolled forward to September 30, 2015 using standard roll-forward techniques. The following tables detail the changes in the total pension liability, fiduciary net position and net pension liability:

ERS
Changes in the Net Pension Liability
Employees' Retirement System
Governmental-type Activities
(Amounts in Thousands)

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at September 30, 2014	$ 7,446,117	$ 4,849,725	$ 2,596,392
Changes for the year:			
Service costs	149,958	-	149,958
Interest	554,186	-	554,186
Difference in expected and actual experience	(59,223)	-	(59,223)
Contributions - employer	-	245,805	(245,805)
Contributions - employee	-	94,753	(94,753)
Net investment income	-	54,734	(54,734)
Benefit payments, including refunds of employee contributions	(563,821)	(563,821)	-
Adminitstrative expense	-	(12,264)	12,264
Transfers among employees	17,960	5,849	12,111
Net changes	99,060	(174,944)	274,004
Balance at September 30, 2015	**$ 7,545,177**	**$ 4,674,781**	**$ 2,870,396**

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ERS
Changes in the Net Pension Liability
Employees' Retirement System
Business-type Activities
(Amounts in Thousands)

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at September 30, 2014	$ 176,737	$ 114,909	$ 61,828
Changes for the year:			
Service costs	8,342	-	8,342
Interest	30,141	-	30,141
Difference in expected and actual experience	(3,340)	-	(3,340)
Contributions - employer	-	13,513	(13,513)
Contributions - employee	-	5,326	(5,326)
Net investment income	-	3,003	(3,003)
Benefit payments, including refunds of employee contributions	(30,655)	(30,655)	-
Administrative expense	-	(723)	723
Transfers among employees	1,058	353	705
Net changes	5,546	(9,183)	14,729
Balance at September 30, 2015	**$ 182,283**	**$ 105,726**	**$ 76,557**

ERS
Changes in the Net Pension Liability
Employees' Retirement System
Primary Government - Totals
(Amounts in Thousands)

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at September 30, 2014	$ 7,622,854	$ 4,964,634	$ 2,658,220
Changes for the year:			
Service costs	158,300	-	158,300
Interest	584,327	-	584,327
Difference in expected and actual experience	(62,563)	-	(62,563)
Contributions - employer	-	259,318	(259,318)
Contributions - employee	-	100,079	(100,079)
Net investment income	-	57,737	(57,737)
Benefit payments, including refunds of employee contributions	(594,476)	(594,476)	-
Administrative expense	-	(12,987)	12,987
Transfers among employees	19,018	6,202	12,816
Net changes	104,606	(184,127)	288,733
Balance at September 30, 2015	**$ 7,727,460**	**$ 4,780,507**	**$ 2,946,953**

UNAUDITED DRAFT

ERS
Changes in the Net Pension Liability
Employees' Retirement System
Component Units
(Amounts in Thousands)

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at September 30, 2014	$ 47,148	$ 30,450	$ 16,698
Changes for the year:			
Service costs	934	-	934
Interest	3,376	-	3,376
Difference in expected and actual experience	(374)	-	(374)
Contributions - employer	-	1,514	(1,514)
Contributions - employee	-	597	(597)
Net investment income	-	336	(336)
Benefit payments, including refunds of employee contributions	(3,434)	(3,434)	-
Administrative expense	-	(81)	81
Transfers among employees	119	39	80
Net changes	621	(1,029)	1,650
Balance at September 30, 2015	**$ 47,769**	**$ 29,421**	**$ 18,348**

For the year ended September 30, 2016, the primary government recognized pension expense of $222,387,000 (governmental-type activities - $211,277,000 and business-type activities - $11,110,000) and component units recognized a pension expense of $1,244,000.

As of September 30, 2016, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ERS
Deferred Inflows and Outflows of Resources
(Amounts in Thousands)

	Govt-type Activities	Business-type Activities	Total Primary Government	Component Units
Deferred Outflows of Resources				
Net difference between projected and actual earnings on pension plan investments	$ 148,772	$ 4,052	$ 152,824	$ 971
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,626	448	2,074	356
Employer contributions subsequent to the measurement date	193,243	5,136	198,379	1,257
Total Deferred Outflows of Resources	**$ 343,641**	**$ 9,636**	**$ 353,277**	**$ 2,584**
Deferred Outflows of Resources				
Differences between expected and actual experience	$ 43,756	$ 1,220	$ 44,976	$ 293
Changes in proportion and differences between Employer contributions and proportionate share of contributions	2,183	569	2,752	225
Total Deferred Outflows of Resources	**$ 45,939**	**$ 1,789**	**$ 47,728**	**$ 518**

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Employer contributions subsequent to the measurement date reported in the above tables as deferred outflows of resources will reduce the net pension liability reported as of September 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources will increase/(decrease) pension expense reported in subsequent years as follows:

ERS
Increase/(Decrease) to Pension Expenses
(Amounts in Thousands)

Fiscal Year Ended	Governmental Activities	Business-type Activities	Totals Primary Govt	Component Units
2017	$ 10,706	$ 263	$ 10,969	$ 78
2018	10,705	263	10,968	78
2019	19,011	497	19,508	148
2020	64,037	1,689	65,726	504

Actuarial assumptions
The total pension liability in the September 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases, including inflation	3.75% - 7.25%
Investment rate of return, including inflation*	8.00%

*Net of pension plan investment expense

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and one year for females with an adjustment factor of .90 for males and .70 for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation		Long-Term Expected Rate of Return*	
Fixed Income	25.00	%	5.00	%
U.S. Large Stocks	34.00		9.00	
U.S. Mid Stocks	8.00		12.00	
U.S. Small Stocks	3.00		15.00	
International Developed Market Stocks	15.00		11.00	
International Emerging Market Stocks	3.00		16.00	
Real Estate	10.00		7.50	
Cash	2.00		1.50	
Total	**100**	**%**		

*Includes assumed rate of inflation of 2.50%.

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Discount rate
The discount rate used to measure the total pension liability was the long term rate of return, 8%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate
The following table presents the System's proportionate share of the net pension liability calculated using the discount rate of 8%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7%) or 1 percentage point higher (9%) than the current rate:

ERS
Sensitivity to Changes in Discount Rate
(Amount in Thousands)

	1% Decrease (7.00%)	Current Rate (8.00)%	1% Increase (9.00%)
Governmental Activities	$ 3,601,189	$ 2,870,397	$ 2,246,535
Business-type Activities	96,291	76,556	59,716
Totals - Primary Government	**$ 3,697,480**	**$ 2,946,953**	**$ 2,306,251**
Component Units	**$ 23,078**	**$ 18,348**	**$ 14,312**

B. Other Pension Plans

The State Port Authority administers three single-employer pension plans, the Hourly Plan, the Terminal Railway Plan, and the Hourly Defined Contribution Plan, for a small number of hourly workers and railway employees. The Peace Officers Annuity and Benefit Fund is a cost-sharing multiple-employer defined benefit pension plan that provides a small additional pension benefit to state and local peace officers beyond that which is paid by the Employees' Retirement System. The Clerks and Registers Supernumerary Fund is a cost-sharing multiple-employer defined benefit pension plan that provides pension benefits to circuit clerks and registrars of courts. The Firefighters Annuity and Benefit Fund provides small pension benefits to Alabama certified firefighters. These pension plans are not material to the State.

NOTE 9 - DEFERRED COMPENSATION

The State offers employees the opportunity to participate in optional deferred compensation plans created in accordance with Internal Revenue Service Code (IRC) Section 457. The plans are available to all state employees and permit them to defer a portion of their salary until future years. The current value of the employee contributions may be withdrawn upon termination, retirement, death, or an unforeseeable emergency.

It is the opinion of the State's legal counsel that the State has no liability for losses under these plans but does have the duty of due care that would be required of an ordinary prudent investor.

The Public Employees' Individual Retirement Account Fund/Deferred Compensation Plan (RSA-1) is administered and operated by its Board of Control. All members of the Teachers' Retirement System of Alabama, Employees' Retirement System of Alabama, Judicial Retirement Fund, employees of employers eligible to participate in the Employees' Retirement System pursuant to provisions of Code of Alabama 1975 Section 36-27-6, and public officials and employees of the State of Alabama or any political subdivision thereof (collectively, participating employers), are eligible to participate in this plan. At September 30, 2016, net position of the plan totaled $1,975,259,000.

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State employees may also participate in the Alabama Deferred Compensation Plan sponsored by the Personnel Board and administered by Empower Retirement. The plan contract requires the assets to be held in trust for the benefit of plan participants. At September 30, 2016, net position of the plan totaled $550,731,000.

NOTE 10 - POSTEMPLOYMENT HEALTH BENEFITS

In addition to the pension benefits described in the Retirement Plans note, the State provides postretirement health care benefits, in accordance with *Code of Alabama 1975*, Section 36-29-10, to all retired state employees through the State Employees' Health Insurance Plan (SEHIP) and, in accordance with *Code of Alabama 1975*, Section 16-25A-17, to all retired employees of state educational institutions through the Public Education Employees' Health Insurance Plan (PEEHIP). The retiree portion of the SEHIP is accounted for through the Alabama Retired State Employees' Health Care Trust and the retiree portion of the PEEHIP is accounted for through the Alabama Retired Education Employees' Health Care Trust (see plan description). Employees covered under these two plans who retire from active service and begin receiving monthly benefits from the Employees' Retirement System of Alabama or from the Teachers' Retirement System of Alabama may elect to continue coverage under the group insurance plan by consenting to have deducted from their monthly benefit payment the difference in the total cost of their insurance coverage and the portion authorized to be expended by the SEHIP or PEEHIP for coverage of such retired employees. The State Employees' Insurance Board administers SEHIP, and the Public Education Employees' Health Insurance Board administers PEEHIP. In order to fund the ongoing costs of these other postemployment benefits (OPEB), the State has established two trust funds as described below to comply with GASB Statements 43 and 45.

A. Plan Descriptions

The Alabama Retired Education Employees' Health Care Trust is a multiple employer cost-sharing defined benefit health care plan established as an irrevocable trust in 2007 by Constitutional Amendment 798. As of the latest actuarial evaluation, there were 198 participating employers.

The Alabama Retired State Employees' Health Care Trust is a single employer defined benefit health care plan established as an irrevocable trust in 2007 by Constitutional Amendment 798.

The Public Education Employees' Health Insurance Board issued a stand-alone financial report for the Alabama Retired Education Employees' Health Care Trust that includes financial statements and detailed disclosures for the year ended September 30, 2016. A copy may be obtained by writing to:

The Public Education Employees' Health Insurance Board
P.O. Box 302150
201 South Union Street
Montgomery, AL 36130-2150

The State Employees' Insurance Board issued a stand-alone financial report that includes the Alabama Retired State Employees' Health Care Trust financial statements and detailed disclosures for the year ended September 30, 2016. A copy may be obtained by writing to:

State Employees' Insurance Board
P. O. Box 304900
201 South Union Street, Suite 200
Montgomery, AL 36130-4900

B. Summary of Significant Accounting Policies

1. Basis of Accounting

Both Trusts are "other employee benefits trust funds" that operate under the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when earned, pursuant to plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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2. Investments

All plan assets are carried at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Short-term investments are reported at cost, which approximates fair value. Mortgage-backed securities are reported based on future principal and interest payments discounted at the prevailing interest rate for similar instruments. Investments not traded on exchanges are valued based on the selling price of similar investments sold in the open market. In those instances where there are no similar investments sold in the open market, an independent appraisal is performed to determine the fair value of the investments.

C. Funding Policy

The cost of the teachers' health care benefits is paid from the regular appropriations made to individual education entities. The Public Education Employees' Health Insurance Board is authorized to set the contribution requirements for plan members and employers. The contribution requirements are certified to the Governor and the Legislature. The Legislature then sets the premium rate in the annual appropriation bill. The retired employee allocation is funded through the active employee premium. Retirees who are eligible for Medicare benefits must pay $10 per month for the Hospital/Medical coverage while those who are not eligible for Medicare must pay $151 per month for the coverage. Additional premiums are paid for dependents. Optionally, the retirees may use this insurance allocation to purchase two plans of optional insurance offered by PEEHIP with no out-of-pocket cost. The Employer Group Waiver Plan subsidy was $60,726,000. Of this amount, $4,993,000 was an on-behalf payment for the primary government of the State of Alabama and $3,213,000 was on-behalf payments of the major discretely presented component units of the State of Alabama. Most of the remaining amount was on-behalf payments for local school boards that are not part of the State's reporting entity.

The State provides health care benefits for retired state employees through SEHIP. The contribution requirements of the plan members and State agencies are established and may be amended by the Board of Directors of the State Employees' Insurance Board. For retirees who retired prior to October 1, 2005, the State pays 100 percent of the premium for a retiree who is over 65 and eligible for Medicare. The State pays a portion of the premium for a retiree who is under 65. Under the SEHIP statute, the State contribution per month per retiree is funded on a pay-as-you-go basis through the active employee premiums each agency pays for its active employees. COBRA insurance is also available to state employees who terminate state service, but the employee is liable for the premiums. For retirees who retire other than for disability after October 1, 2005, the employer contribution is less for each year under twenty-five years of creditable coverage and more for each year over 25. For retirees on or after January 1, 2012, the employer contribution is also less for each year under the Medicare age. The retiree is responsible for the amount of contribution not covered by the State. The State may make additional contributions; however no additional funds were contributed during the fiscal year. The Employer Group Waiver Plan subsidy was $41,374,000 for fiscal year 2016. Of this amount, $40,521,000, $468,000, and $385,000, were on-behalf payments for the primary government, the component units, and the fiduciary funds, respectively.

1. Annual OPEB Cost and Net OPEB Obligation

Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, requires additional reporting and disclosures for OPEB plans.

The PEEHIP is a cost-sharing multiple-employer plan. Contribution requirements are determined by statute. In all instances, the state and its discretely presented component units paid 100 percent of the statutorily determined contribution requirements. Therefore, the State has no net OPEB obligation related to the PEEHIP.

The SEHIP is a single employer plan. The following OPEB amounts are for the SEHIP:

(Amounts in thousands)	Primary Government	Component Units	Fiduciary
Annual required contribution	$ 200,119	$ 2,313	$ 1,903
Interest on net OPEB obligation	55,931	647	532
Adjustment to ARC	(48,603)	(562)	(462)
Annual OPEB cost	207,447	2,398	1,973
Contributions made	(79,762)	(922)	(758)
Increase in net OPEB obligation	127,685	1,476	1,215
Net OPEB obligation, beginning of year	1,121,200	12,039	8,940
Net OPEB obligation, end of year	**$ 1,248,885**	**$ 13,515**	**$ 10,154**

Percentage of annual OPEB cost contributed: 38%

The net OPEB obligation is liquidated proportionately by all funds paying employee health care benefits through SEHIP.

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2. Funded Status and Funding Progress

The funded status of the plan for the retired state employees as of the most recent actuarial valuation dated September 30, 2015, was as follows:

Retired State Employees' Health Care Trust (SEHIP)
(Amounts in thousands)

Actuarial Valuation Date	09/30/2015
Actuarial Accrued Liability (AAL)	$ 2,948,051
Actuarial Value of Assets	(149,258)
Unfunded Actuarial Accrued Liability (UAAL)	**$ 2,798,793**
Funded Ratio	5.06%
Covered Payroll	$ 1,525,693
UAAL as a Percentage of Covered Payroll	183.44%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

3. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

The actuarial methods and significant assumptions used to determine the ARC for fiscal year 2016 are as follows:

Actuarial Methods for Retired State Employees' Health Care Trust

Valuation Date:	September 30, 2015
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value of Assets
Amortization Method:	Level Percent of Pay
Remaining Amortization Period:	30 Years
Period Closed/Open:	Open

Actuarial Assumptions for Retired State Employees' Health Care Trust

Investment Rate of Return:	5%
Medical Cost Trend Rate:	
Medicare Eligible	5.75%
Pre-Medicare	7.75%
Ultimate Trend Rate:	
Medicare Eligible	5%
Pre-Medicare	5%
Year of Ultimate Trend Rate:	2020
Dental Trend Rate:	4.5%

*Includes Inflation at 3%

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The assumed investment rate of return reflects the fact that as of September 30, 2015 the Plan had assets in a trust solely to provide benefits to retirees and their beneficiaries. A policy has been established to make regular contributions representing a partial payment toward the ARC each year. If the Plan starts fully pre-funding benefits, the discount rate may be increased to reflect equity investment the fund may have after full pre-funding begins. This investment rate of return assumption is independent of the inflation assumption.

4. Trend Information

The following table details employer contributions to the Alabama Retired Education Employees' Health Care Trust:

	Statutorily Required Contribution*		
(Amounts in Thousands)	2016	2015	2014
Primary Government	$ 17,884	$ 16,073	$ 15,925
Major Component Units			
Auburn University	11,141	10,088	8,614
University of South Alabama	9,184	8,461	7,963
University of Alabama	35,216	31,333	28,360

* 100% of the statutorily required contributions were contributed.

The employer contributions and annual OPEB cost of the SEHIP is presented in the table below.

(Amounts in Thousands)

	Employer Contributions	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	88,201	226,097	39%	994,871
2015	90,201	237,508	38%	1,142,178
2016	81,442	211,817	38%	1,272,554

NOTE 11 - RELATED ORGANIZATIONS

The State's officials are responsible for appointing a majority of the members of the boards of other organizations, but the State's accountability for these organizations does not extend beyond making appointments. The State appoints the nine-member board of the Private Colleges and Universities Facilities Authority and a majority of the eleven member board of the Alabama Family Trust Corporation.

NOTE 12 - CONTINGENCIES

A. Grants

The State receives federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes.

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Federal grantor agencies from time to time review state records to determine whether the State has complied with the terms and conditions of grant agreements and federal regulations. Any disallowance resulting from a federal audit may become a liability of the State but cannot be reasonably estimated at this time. It is believed that any liability resulting from a determination of noncompliance will not materially affect the State's financial condition.

B. Litigation

The State is a party to numerous legal proceedings that occur in the normal course of governmental operations, some of which involve potentially significant amounts. The lawsuits involving potentially significant amounts are described below. Other proceedings involving amounts that, when aggregated, have no material effect on the accompanying government-wide financial statements, may have an impact on the related individual state agencies and funds. The monetary impact, if any, of litigation resulting in adverse rulings is usually addressed in subsequent state budgets and modifications of state laws. Due to the uncertainty involving the ultimate outcome and amounts of the unresolved litigation described below, no provision for potential liability has been recorded in the accompanying financial statements.

~~Blaylock, et al. v. American Tobacco Co., et al., filed in the Circuit Court of Montgomery County is an arbitration proceeding concerning the Master Settlement Agreement (MSA) that was negotiated with the tobacco industry in 1998. The MSA was entered into as a settlement of litigation brought against the participating tobacco products manufacturers by the Attorney Generals of the signatory states to reimburse the states for health care expenses in treating their citizens affected by the use of tobacco products sold by the manufacturers. The MSA contains a provision that allows an adjustment to reduce the payments by the tobacco industry if the MSA has been determined to be a significant factor in the loss of market share by the manufacturers. States will not be subject to a reduction in their payments if it is determined that they diligently enforced their escrow statutes. The 2003 payment has a potential adjustment of $1.2 billion nationwide that could be applied to the states that are determined not to have diligently enforced their escrow statutes during 2003. The question of whether the state was diligent was to be determined by an arbitration panel consisting of three retired Article III federal judges. Before Alabama's arbitration hearing began, a settlement was reached in principle between 22 states including Alabama and the participating manufacturers resolving diligent enforcement determinations through 2012. This settlement provided Alabama with a "one time" distribution on April 15, 2013 of approximately 48 million dollars in addition to its normal distribution. The final settlement agreement is still being negotiated. Six states that did not diligently enforce their escrow statutes must pay the 2003 adjustment to the participating manufacturers for all states. There are several remitter actions nationally attacking the settlement as well as the arbitration awards. If the settlement is set aside, Alabama's potential share of the 2003 non-participating manufacturers' adjustment could be as much as $80 million if Alabama is subsequently determined to have not diligently enforced its escrow statues during 2003. Additional arbitration proceedings are likely to continue.~~

~~The State of Alabama has been involved in settling lawsuits challenging the constitutionality of the franchise tax in effect before 2000. The U. S. Supreme Court ruled that Alabama's franchise tax scheme unconstitutionally discriminated against interstate commerce. The State is continuing to negotiate the last group of settlements with corporations for potential refunds totaling $7 million and accumulated interest of $12 million. The State Legislature enacted laws to remedy the significant loss of revenue.~~

The State of Alabama Department of Revenue is also involved in significant tax-related lawsuits or actions that challenge the legality of certain taxes or challenge other provisions of tax laws and procedures. Other cases challenge tax assessments made by the Department. These cases have a significant combined potential refund liability or reductions of assessments. Adverse rulings in these cases could also reduce future revenues.

NOTE 13 - DONOR-RESTRICTED ENDOWMENTS

The Uniform Management of Institutional Funds Act, as adopted in Alabama, permits the boards of the educational institutions of the State to allocate an amount of realized and unrealized endowment appreciation as the boards determine to be prudent for donor-restricted endowments. The colleges' policies are to retain the endowments realized and unrealized appreciation with the endowments after the spending rate distributions. Endowments' earnings are classified in accordance with donor restrictions and are reported in the component units as net assets restricted for permanent trust – expendable or non-expendable as appropriate. The Boards of the University of Alabama and University of South Alabama approved a spending rate of 5 percent of a moving three-year average of the fair (unit) value. The other four-year colleges have approved similar spending rate policies with rates ranging between 3 and 6 percent. The net endowment appreciation of the four-year colleges at September 30, 2016 was $199,639,058.

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NOTE 14 - SUBSEQUENT EVENTS

A. Primary Government

Subsequent to the end of the fiscal year, the State issued the following bonds:
- General Obligation Refunding Bonds Series 2016-C in the amount of $105,140,000 were issued for the purpose of partially refunding $22,185,000 of the outstanding General Obligation 2007-A bonds and partially refunding $93,025,000 of the outstanding General Obligation 2010-D bonds.

-Alabama Federal Aid Highway Finance Authority, Series 2016A bonds in the amount of $236,395,000 were issued for the purpose of financing capital projects.

-Alabama Economic Settlement Authority (AESA), Series 2016A bonds in the amount of $80,925,000 to finance certain transportation projects and to capitalize a portion of the interest payable on the bonds. Additionally, AESA issued Series 2016B bonds in the amount of $547,790,000 were issued to reimburse certain amounts previously withdrawn from the General Fund Rainy Day Account, to reimburse certain amounts previously withdrawn from the Alabama Trust Fund, to provide funds to the Alabama Medicaid Agency during fiscal years 2017 and 2018 and to capitalize a portion of the interest payable on the bonds.

B. Component Units

Subsequent to the fiscal year end, the University of Alabama Birmingham hospital joined three other affiliated entities (Callahan Eye Hospital Health Care Authority, UABHS, and HSF) in the formation of an obligated group through a master trust indenture. Under the terms of the indenture, each of the participating entities can issue its own debt through a conduit entity, the UAB Medicine Financing Authority, but all members of the obligated group are jointly and severally liable for the debt of each entity issued through the obligated group. In October 2016, the Hospital issued $367.7 million of debt through the obligated group. In conjunction with that issuance, the Hospital defeased $384.8 million of its Hospital Revenue Bonds Series 2006A, 2008A, and 2012C. Also, in November 2016, the University issued $120.1 million in debt. The proceeds of this debt will be used for the purpose of financing a portion of the cost of certain capital improvements to the UAB campus.

Subsequent to the fiscal year end, the Alabama Housing Finance Authority issued $14,000,000 of multi-family bonds as conduit debt.

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REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule - All Budgeted Funds
For the Fiscal Year Ended September 30, 2016

(Amounts in Thousands)

	GENERAL FUND			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	$ 1,288,601	$ 1,360,755	$ 1,366,023	$ 5,268
Licenses, Permits and Fees	149,342	157,704	158,315	611
Fines, Forfeits, and Court Settlements	79,853	84,324	84,650	326
Investment Income	9,006	9,510	9,547	37
Federal Grants and Reimbursements	-	-	-	-
Other Revenues	1,922	2,031	2,039	8
Total Revenues	**1,528,724**	**1,614,324**	**1,620,574**	**6,250**
EXPENDITURES				
Administrative Office of Courts	92,336	92,336	92,336	-
Agriculture and Industries	8,755	8,755	8,755	-
Alabama Community College System	-	-	-	-
Attorney General	12,275	14,101	14,101	-
Auditor	943	942	860	82
Commission on Higher Education	-	-	-	-
Corrections	400,511	400,510	398,090	2,420
Economic and Community Affairs	7,786	10,237	8,847	1,390
Education	-	-	-	-
Emergency Management	5,469	5,339	5,315	24
Examiners of Public Accounts	5,812	5,812	5,812	-
Finance	8,691	6,601	4,305	2,296
Governor	2,330	4,369	2,833	1,536
Human Resources	-	-	-	-
Labor	1,090	1,090	940	150
Law Enforcement	-	-	-	-
Legislature	26,007	26,007	18,533	7,474
Medicaid	707,629	777,628	721,627	56,001
Mental Health	-	-	-	-
Public Health	36,695	36,931	36,719	212
Public Service Commission	-	-	-	-
Rehabilitation Services	-	-	-	-
Revenue	248	248	84	164
Secretary of State	747	747	329	418
Transportation	-	-	-	-
Treasurer	-	-	-	-
Youth Services	6,005	6,005	6,005	-
Universities and Training Institutes	-	-	-	-
Other	232,503	233,687	195,987	37,700
Total Expenditures	**1,555,832**	**1,631,345**	**1,521,478**	**109,867**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(27,108)**	**(17,021)**	**99,096**	**116,117**
OTHER FINANCING SOURCES (USES)				
Carryover of funds from prior year	94,752	94,752	94,752	-
Transfers In	212,114	223,991	224,858	867
Transfers Out	(279,758)	(301,723)	(301,723)	-
Insurance Recovery Proceeds	-	1	1	-
Total Other Financing Sources (Uses)	**27,108**	**17,021**	**17,888**	**867**
Revenues and Other Sources Over (Under) Expenditures and Other Uses	**$ 0**	**$ 0**	**116,984**	**$ 116,984**

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EDUCATION TRUST FUND				EARMARKED FUNDS			
Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget
Original	Final			Original	Final		
$ 5,813,769	$ 5,956,437	$ 6,072,400	$ 115,963	$ 1,457,877	$ 1,608,419	$ 1,449,716	$ (158,703)
126	129	132	3	475,368	524,455	472,707	(51,748)
-	-	-	-	30,770	33,947	30,597	(3,350)
-	-	-	-	2,614	2,884	2,599	(285)
-	-	-	-	8,706,994	9,606,090	8,658,255	(947,835)
281	288	294	6	973,317	1,073,823	967,869	(105,954)
5,814,176	**5,956,854**	**6,072,826**	**115,972**	**11,646,940**	**12,849,618**	**11,581,743**	**(1,267,875)**
-	-	-	-	88,268	88,268	85,952	2,316
-	-	-	-	28,816	30,550	23,297	7,253
343,101	343,101	343,097	4	35,261	41,128	16,803	24,325
-	-	-	-	11,525	11,525	8,048	3,477
-	-	-	-	-	-	-	-
21,417	21,492	21,264	228	1,857	1,857	994	863
-	-	-	-	83,815	89,815	57,015	32,800
-	-	-	-	216,549	216,549	143,045	73,504
4,036,126	4,035,222	4,032,516	2,706	1,580,627	1,596,173	1,149,361	446,812
-	-	-	-	86,348	93,366	54,700	38,666
6,266	6,266	6,266	-	5,523	5,523	4,529	994
-	-	-	-	173,344	216,356	154,732	61,624
-	-	-	-	-	3,293	2,081	1,212
-	-	-	-	2,040,031	2,040,031	1,923,646	116,385
-	-	-	-	109,524	109,630	78,193	31,437
-	-	-	-	225,431	238,989	164,195	74,794
2,649	2,649	2,644	5	-	-	-	-
-	-	-	-	5,697,568	5,727,416	5,632,762	94,654
-	-	-	-	936,111	956,416	905,433	50,983
16,957	16,957	16,888	69	679,509	710,907	582,681	128,226
-	-	-	-	27,956	27,956	21,646	6,310
41,536	41,536	41,535	1	132,336	132,336	103,730	28,606
-	-	-	-	151,438	172,608	153,469	19,139
-	-	-	-	12,975	12,674	4,698	7,976
-	-	-	-	1,431,642	2,596,579	1,681,376	915,203
-	-	-	-	4,893	5,393	3,809	1,584
54,345	54,345	53,355	990	40,383	40,383	37,149	3,234
1,115,833	1,115,833	1,115,833	-	-	38	38	-
237,466	237,558	236,544	1,014	1,313,906	1,417,331	1,139,176	278,155
5,875,696	**5,874,959**	**5,869,942**	**5,017**	**15,115,636**	**16,583,090**	**14,132,558**	**2,450,532**
(61,520)	**81,895**	**202,884**	**120,989**	**(3,468,696)**	**(3,733,472)**	**(2,550,815)**	**1,182,657**
142,683	142,683	142,683	-	927,997	927,997	927,997	-
101	103	104	1	2,540,699	2,803,055	2,526,478	(276,577)
(81,264)	(224,684)	(224,684)	-	-	-	-	-
-	3	3	-	-	2,420	2,420	-
61,520	**(81,895)**	**(81,894)**	**1**	**3,468,696**	**3,733,472**	**3,456,895**	**(276,577)**
$ 0	**$ 0**	**120,990**	**$ 120,990**	**$ 0**	**$ 0**	**906,080**	**$ 906,080**

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REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule - Budget-to-GAAP Reconcilation
For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	BUDGETARY FUNDS			
	General Fund	Education Trust Fund	Earmarked Funds	Alabama Trust Fund
Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budgetary Basis	**$ 116,984**	**$ 120,990**	**$ 906,080**	
Reconciliation to GAAP Basis:				
Perspective Differences:				
Reclassification of budgetary funds to GAAP financial statement fund types			(906,080)	$ (132)
Basis Differences:				
Accruals of revenues and other revenue adjustments	61,040	78,787		943
To remove prior year funds carried over in budget	(94,752)	(142,683)		(190)
Accruals of expenditures and capitalization of assets	(21,515)	(36,337)		(20)
To remove encumbrances recognized as expenditures	3,557	1,093		319
To recognize prior budget year expenditures/expenses	(2,814)	(479)		(97)
To remove budget expenditures/expenses not accrued as liabilities	(1,716)	(533)		(19)
Entity Differences:				
Add net operating results for funds not budgeted				105,727
Net Change in Fund Balances/Net Position - GAAP Basis	**$ 60,784**	**$ 20,838**	**$ 0**	**$ 106,531**

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FINANCIAL STATEMENT CLASSIFICATION

Medicaid Fund	Public Road and Bridge Fund	Public Welfare Trust Fund	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Funds	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Component Units
$ 20,746	$ 256,151	$ (25,125)	$ 651,507	$ (45,472)	$ 31,035	$ 10,376	$ 1,797	$ 5,197
(32,771)	28,776	(12,723)	176,436	(998)	8,160	121,057	(249)	(2,621)
(6,496)	(297,941)	(26,531)	(485,144)	(12,641)	(53,223)	(30,453)	(2,115)	(13,263)
56,221	(11,237)	33,825	(155,669)	54,019	(4,882)	(102,958)	(950)	6,046
4,119	30,031	3,587	39,916	844	6,161	41	20	2,212
(5,890)	(11,439)	(1,876)	(11,430)	(398)	(1,253)	2	-	(219)
(2,724)	(24,785)	(1,828)	(19,262)	(653)	(4,684)	(124)	(20)	(894)
1	6,207	259	(13,276)	112,647	26,746	2,098,937	123,041	666,724
$ 33,206	**$ (24,237)**	**$ (30,412)**	**$ 183,078**	**$ 107,348**	**$ 8,060**	**$ 2,096,878**	**$ 121,524**	**$ 663,182**

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Budgetary Process

Formulation of the budget begins with the preparation of estimates of expenditure requirements for the next fiscal year by the administrative head of each budgeted agency and institution. These estimates are submitted annually to the Executive Budget Office of the Finance Department on or before the first day of the third month preceding each regular session of the Legislature. The budget is prepared by program elements for each agency. Requested changes in programmatic expenditures over the prior fiscal year must be explained, and proposed capital expenditures must be justified as required by the Executive Budget Office.

The budget document, as finally developed by the Governor, is published and transmitted to the Legislature on or before the second legislative day of each regular session. For each agency, comparative summaries of appropriations and revenues are presented for the prior year, current year, the agency's request for the next year, and the Governor's recommendation for the next year. The recommended appropriation bills indicate the programmatic appropriation to each agency and the source of funds from which each appropriation is to be paid. The Legislature then legally enacts the State budget into law through the passage of a number of bills as Appropriation Acts. Some conditional appropriations are included in the Appropriation Acts. The agencies do not include these conditional amounts in the original budget, unless the conditions have been met before the fiscal year begins.

Approximately $97 million of conditional and other appropriations were distributed to various agencies from the General Fund. The Medicaid Agency and the Fair Trial Tax Fund received conditional appropriations in the amounts of $70 million and $19 million, respectively. Some expenditures are required by law to be fully funded and estimated amounts are approved in the General Fund appropriation bill. Increases to these estimated amounts do not require a new bill and are included as other appropriations. Original appropriations to the Departmental Emergency Fund are included in the original budget. Emergency appropriations cannot exceed two percent of the total General Fund appropriation bill.

During fiscal year 2016, approximately $3 million of supplemental appropriations were distributed from the Education Trust Fund (ETF). The Department of Education received supplemental appropriations of $2 million.

The Appropriation Acts budget by agency and program rather than by GAAP basis funds. The State funds its budgetary activities under three budgetary fund groups. The first is the General Fund, which includes many of the general operations of the three branches of government. The second is the Education Trust Fund, which is restricted to funding all levels of educational activity in the State. The third budgetary group is referred to in the budget documents as Earmarked Funds. The Earmarked Funds group includes the operations of most governmental funds of both the primary government and the component units, as well as portions of some proprietary and fiduciary operations.

The Appropriation Acts do not include a revenue budget. At the time of their passage, estimates prepared by legislative and executive branch professional staff assure the legislature that adequate revenues will be available to meet the level of appropriations approved. The Appropriation Acts specify that in addition to the appropriations made, all gifts, grants, or contributions in excess of the amount appropriated are automatically appropriated to be used for the purposes specified in the gift, grant, or contribution. This includes federal funds which are included in the Earmarked Funds. Most of the $1.5 billion increase in the Earmarked Funds is increased federal funds.

Numerous statutes exist which restrict the use of most state revenue sources to specific uses. The General Fund is funded by a wide variety of taxes, licenses, and interest income. The ETF is funded primarily by income taxes and sales taxes. The Earmarked Funds are generally funded by a combination of federal funds, local funds, and specific taxes and licenses. State law also requires that if revenues actually received are inadequate to fund the appropriations, then the appropriations must be prorated to the level that the revenues will support. For the Budgetary Comparison Schedule, the budgeted revenues consist of the amount of budgeted expenditures allocated among the revenue categories in proportion to the actual amounts received.

Budgetary Control

The legal level of control is the agency and program specified in the Appropriation Acts. For example, “Lab Analysis and Disease Control” and “Agricultural Inspection Services” are two programs within the agency of Agriculture and Industries. Below this legal level of control, the professional management of the Finance Department, under the authority of the Governor’s policy, exercises budgetary control at the fund and object level. Each agency must submit an operations plan detailing planned expenditures down to the object level, and then must follow that plan or explain why a change must be made. Allotments of appropriations are made quarterly based on the plans of operations submitted by the agencies.

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The Department of Finance enforces both the legal level and the professional management level of budgetary control through automated edits which must be complied with before making expenditures against an appropriation. A change between objects within appropriations for programs (financial management level) must have the approval of the Budget Officer and the Finance Director.

The Budget Management Act legally authorizes the transfer of appropriations between programs within an agency with the approval of the Governor. Any transfers approved by the Governor must be reported to the Legislature. Transfers between agencies, but within the same program, may be made pursuant to interagency agreements executed for the purposes of accomplishing the objectives for which the Legislature made the appropriation. These interagency agreements must also be approved by the Governor. Under the Budget Management Act, the Governor cannot create new budget authority; he can only transfer existing authority.

Both the *Constitution of Alabama of 1901* and the statutes require a balanced budget for annual financial operations. The Finance Department monitors revenue projections during the year to ensure that adequate funds will be available to meet budgeted expenditures. If cash collections do not meet budget projections, the Governor is required to prorate appropriations and restrict allotments to prevent an overdraft or budget deficit in any fiscal year. Within the Alabama Trust Fund, a General Fund Rainy Day Account and an Education Trust Fund Rainy Day Account have been created by constitutional amendment. If proration is declared for the General Fund or the Education Trust Fund, then oil and gas capital payments in the Alabama Trust Fund will be used to fund withdrawals from the Rainy Day Accounts. If proration is declared for the General Fund, Rainy Day withdrawals may not exceed the lesser of (a) ten percent of the previous fiscal year's General Fund appropriations less the total amount of any prior years' withdrawals from the account which have not been repaid to the account, or (b) the average of the estimated available revenue for the General Fund certified by the Finance Director and the Legislative Fiscal Officer prior to the third legislative day of the Regular Session. If proration is declared for the Education Trust Fund, Rainy Day withdrawals may not exceed the lesser of (a) six and one-half percent of the previous fiscal year's Education Trust Fund appropriations less the total amount of any prior years' withdrawals from the account which have not been repaid to the account, or (b) the average of the estimated available revenue for the Education Trust Fund certified by the Finance Director and the Legislative Fiscal Officer prior to the third legislative day of the Regular Session. The Rainy Day Accounts must be replenished within 10 years for the General Fund withdrawals and 6 years for the Education Trust Fund withdrawals. Neither the General Fund nor the Education Trust Fund was prorated in 2016. The Education Trust Fund has paid back all of its withdrawals. The available balance during FY16 for the Education Trust Fund Rainy Day Account was $384 million. The General Fund has 4 years to pay back $162 million which was withdrawn in 2010. The General Fund Rainy Day Account available balance during FY16 was $27 million.

The Rolling Reserve Act (Act 2011-3, as amended by Act 2015-538) caps appropriations from the Education Trust Fund (ETF). The cap is the sum of recurring revenues deposited into the ETF in the last completed fiscal year preceding the calculation year adjusted up or down by: (1) the average annual percentage change in recurring revenues for the 14 highest of the 15 completed fiscal years preceding the date on which the calculation is made; (2) if legislation is enacted that will increase recurring revenues deposited into the ETF, an amount equal to 95 percent of the fiscal note attached to the legislative act is added to the cap; (3) if legislation is enacted that will decrease recurring revenues deposited into the ETF, the negative impact, based on the enacted fiscal note is subtracted from the cap; (4) any nonrecurring revenue; and (5) the amount required to be appropriated from the ETF to the Prepaid Affordable College Tuition Trust Fund. The Finance Director and the Legislative Fiscal Officer must certify their computation of the cap at the same time as the certification required by Amendment 803 to the *Constitution of Alabama of 1901* (prior to the third day of each Regular Session). Revenues in excess of the appropriation cap are required to be used to pay back transfers from the constitutional ETF Rainy Day Account until the account has been repaid in full. Any remaining funds shall be transferred to the ETF Budget Stabilization Fund and the ETF Advancement and Technology Fund. The ETF Budget Stabilization Fund will generally be used to reduce any future proration. At the end of fiscal year 2016 the balance in the ETF Budget Stabilization Fund was $119 million.

Encumbrance Accounting

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting is used as purchase orders are issued to ensure that purchase orders plus expenditures do not exceed allotment balances. At fiscal year end this control becomes stricter, as purchase orders plus any other obligations or accounts payable incurred against fiscal year appropriations may not exceed allotment balances.

Encumbrances are reported in the year the orders are placed for budgetary purposes in the Budgetary Comparison Schedule. Encumbrances are reported in the year the goods and services are received for GAAP basis financial statements.

Lapsing of Appropriations

All non-capital outlay appropriation balances not reserved by encumbrances or accounts payable lapse at September 30 of each fiscal year. Furthermore, any non-capital outlay appropriation balance not reserved by encumbrances lapses at November 30 following each fiscal year. Encumbrances remain valid for a period of one year following the end of the fiscal year. Balances of encumbrances are

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reported on the Budgetary Comparison Schedule as expenditures. Capital outlay appropriations for the purchase of land, the construction of buildings, or for the maintenance of roads and bridges of the state highway system continue until the completion of the project.

Budgetary Basis of Accounting and Fund Structure

The State budgets and operates primarily on the budgetary basis which approximates the cash basis with certain material exceptions. During the fiscal year, encumbrances, which represent obligations against current fiscal year appropriations, are accrued. At year end, fund balances are reserved to accrue expenditures for those outstanding encumbrances and estimated accounts payable. In compliance with Amendment 26 to the *Constitution of Alabama of 1901*, the total reservation may not exceed the cash on hand in the State Treasury. Therefore, at year end, cash always equals or exceeds obligations (encumbrances and estimated accounts payable). The Budgetary Comparison Schedule (Non-GAAP Basis) presents comparisons of the adopted budget with actual data on a budgetary basis. The budget excludes funds for all entities operating outside the State Treasury, certain distributive accounts such as those for making distributions to local governments, and most debt service accounts. Since the accounting principles used in the State's budgetary basis of accounting differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of the differences is presented on the schedule. Governmental Accounting Standards Board (GASB) Statement No. 41 requires that budgetary comparison schedules be presented as RSI based on the fund, organization, or program structure that the government uses for its legally adopted budget for a government with significant budgetary perspective differences that result in the government's not being able to present budgetary comparisons for the general fund and each major special revenue fund. The budgetary fund structure for the General Fund group and the Education Trust Fund group is essentially the same as the GAAP fund structure. The Earmarked Fund group does not correspond to a major GAAP fund and these perspective differences are included in the Budget-to-GAAP Reconciliation. The budgets of some major funds are spread throughout various agencies and programs in the Earmarked Fund group. A Detail Schedule of Budget and Actual Expenditures appears in the Governmental Funds subsection of the Combining and Individual Fund Statements and Schedules Section of the CAFR. This schedule provides detailed information at the legal level of control for each individual appropriation item contained in the budget for all budgetary fund groups.

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REQUIRED SUPPLEMENTARY INFORMATION
Ten Year Loss Development Information for State Insurance Fund

For the Fiscal Year Ended September 30, 2016

The following table illustrates how the State Insurance Fund's (Fund) earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the previous ten years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's gross earned premiums and reported investment revenue, amounts of premiums ceded, and reported premiums (net of reinsurance) and reported investment revenue. (2) This line shows each fiscal year's other operating costs of the Fund including overhead and loss adjustment expenses not allocable to individual claims. (3) This line shows the Fund's gross incurred losses and allocated loss adjustment expense, losses assumed by reinsurers, and net incurred losses and loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called accident year). (4) This section of ten rows shows the cumulative net amounts paid as of the end of successive years for each accident year. (5) This line shows the latest reestimated amount of losses assumed by reinsurers for each accident year. (6) This section of ten rows shows how each accident year's net incurred losses increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known losses, reevaluation of existing information on known losses, and emergence of new losses not previously known.) (7) This line compares the latest reestimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally estimated. As data for individual accident years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature accident years. The columns of the table show data for successive accident years.

(Amounts in Thousands)	Fiscal and Accident Year Ended									
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
1. Premiums and investment revenue:										
Earned	31,625	31,505	32,760	32,489	30,401	36,732	40,758	44,343	46,049	55,381
Ceded	15,067	16,582	17,022	16,803	16,625	20,834	26,115	24,153	22,469	21,171
Net Earned	16,558	14,923	15,738	15,686	13,776	15,898	14,643	20,190	23,580	34,210
2. Unallocated Expenses	2,012	3,030	3,273	3,010	2,863	2,774	3,090	3,375	3,710	3,494
3. Estimated losses and expenses, end of accident year:										
Incurred	34,751	9,843	15,975	17,531	113,642	38,861	33,467	11,500	8,300	16,450
Ceded	23,973	-	-	5,781	91,228	28,359	2,757	-	-	4,550
Net incurred	10,778	9,843	15,975	11,750	22,414	10,502	30,710	11,500	8,300	11,900
4. Net paid (cumulative) as of:										
End of Accident Year	4,617	2,840	5,135	6,493	9,192	3,842	16,000	3,823	2,857	6,316
One Year Later	14,468	6,257	11,681	10,178	16,880	22,703	26,555	8,188	6,477	
Two Years Later	15,893	6,613	14,307	10,241	22,070	4,351	29,088	8,275		
Three Years Later	16,160	6,710	14,310	10,859	21,604	11,370	29,611			
Four Years Later	16,159	6,750	14,312	10,858	21,833	11,369				
Five Years Later	16,158	6,750	14,312	10,856	21,833					
Six Years Later	16,158	6,750	14,312	10,855						
Seven Years Later	16,157	6,750	14,312							
Eight Years Later	16,155	6,750								
Nine Years Later	16,154									
5. Reestimated ceded losses and expenses	16,293	-	-	2,929	72,691	18,662	-	-	-	4,550
6. Reestimated net incurred losses and expenses as of:										
End of Accident Year	10,778	9,843	15,975	11,750	22,414	10,502	30,710	11,500	8,300	11,900
One Year Later	16,661	7,535	14,850	10,750	21,000	32,435	29,711	9,000	7,700	
Two Years Later	16,120	7,240	14,606	10,883	22,900	11,045	29,688	8,643		
Three Years Later	16,160	7,072	14,528	10,859	22,062	11,370	29,611			
Four Years Later	16,159	6,750	14,312	10,858	21,833	11,369				
Five Years Later	16,158	6,750	14,312	10,856	21,833					
Six Years Later	16,158	6,750	14,312	10,855						
Seven Years Later	16,157	6,750	14,312							
Eight Years Later	16,155	6,750								
Nine Years Later	16,154									
7. Increase (decrease) in estimated net incurred losses and expenses from end of accident year	5,376	(3,093)	(1,663)	(895)	(581)	867	(1,099)	(2,857)	(600)	-

UNAUDITED DRAFT

REQUIRED SUPPLEMENTARY INFORMATION
Ten Year Trend Information
Teachers' Retirement System

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	2016	2015
% of collective net pension liability (NPL)	40.73%	40.86%
Amount of collective NPL	$ 4,262,429	$ 3,710,637
Covered payroll	$ 2,538,413	$ 2,612,755
Proportionate share of NPL as a % of covered payroll	167.92%	142.02%
Pension plan fiduciary net position as a % of total pension liability	67.51%	71.01%

Information is presented prospectively beginning in 2015.
Information presented was determined based on information as of the measurement date one year prior to the fiscal year end.

UNAUDITED DRAFT

REQUIRED SUPPLEMENTARY INFORMATION
Ten Year Trend Information
Judicial Retirement System

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	2016	2015
% of collective net pension liability (NPL)	100%	100%
Amount of collective NPL	$ 160,330	$ 145,093
% Share of NPL due to State operations	84.98%	85.05%
Covered payroll	$ 41,617	$ 42,699
Proportionate share of NPL as a % of covered payroll	385.25%	339.80%
Pension plan fiduciary net position as a % of total pension liability	62.20%	65.46%

The State is responsible for 100% of employer contributions.
Information is presented prospectively beginning in 2015.
Information presented was determined based on information as of the measurement date one year prior to the fiscal year end.

UNAUDITED DRAFT

Schedule of Changes in Net Pension Liability

Total Pension Liability	2016	2015
Service Costs	$ 159,234	$ 115,716
Interest	587,703	579,810
Difference in Expected and Actual Experience	(62,937)	
Benefit payments, including refunds of employee contributions	(597,910)	(567,669)
Transfers among employers	19,137	-
Net change in total pension liability	105,227	127,857
Total pension liability - beginning	7,670,002	7,542,145
Total pension liability - ending (a)	**$ 7,775,229**	**$ 7,670,002**
Plan Fiduciary Net Position		
Contributions - employer	$ 260,832	$ 161,114
Contributions - employee	100,676	100,391
Net investment income	58,073	556,028
Benefit payments, including refunds of employer contributions	(597,910)	(567,669)
Administrative expenses	(13,068)	
Transfers amoung employers	6,241	24
Net change in fiduciary plan net position	(185,156)	249,888
Plan fiduciary net position - beginning	4,995,084	4,745,196
Plan fiduciary net position - ending (b)	**$ 4,809,928**	**$ 4,995,084**
Net pension liability - ending (a) - (b)	**$ 2,965,301**	**$ 2,674,918**
Plan fiduciary net position as a percentage of the total pension liability	61.86%	65.12%
Covered payroll - measurement period	$ 1,331,883	$ 1,280,583
Net pension liability as a % of covered payroll	222.64%	208.88%

Note that information was determined as of the measurement date and is presented prospectively beginning in 2015.

Actuarially Determined Employer Contributions

	2016	2015
Amount	$ 198,379	$ 185,110
% Contributed	100%	100%
Covered Payroll	$ 1,390,745	$ 1,331,883
% of covered payroll	14.26%	13.90%

Information presented prospectively beginning in 2015

UNAUDITED DRAFT

Valuation Date:

Actuarially determined contribution rates are calculated as of September 30, two years prior to the beginning of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	3.00%
Salary increases	3.75-7.25%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation.

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REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for Retired State Employees' Health Care Trust

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(B-A) Unfunded AAL	(A/B) Funded Ratio	(C) Covered Payroll	((B-A)/C) UAAL as a % of Covered Payroll
9/30/2013	142,685	3,465,784	3,323,099	4.12%	1,344,092	247.2%
9/30/2014	156,837	3,072,700	2,915,863	5.10%	1,331,647	219.0%
9/30/2015	149,258	2,948,052	2,798,794	5.06%	1,525,693	183.4%

UNAUDITED DRAFT

Changes in the actuarial assumptions significantly affect the identification of trends in the amounts reported in the Schedule of Funding Progress. The table below summarizes these changes.

Actuarial Valuation Date	Investment Rate of Return	Medical Cost Trend Rate *		Ultimate Trend Rate	Year of Ultimate Trend Rate	Inflation Rate*
		Medicare Eligible	Pre-Medicare			
9/30/2013	5%	6.0%	7.75%	5%	2019	3.0%
9/30/2014	5%	5.75%	7.5%	5%	2019	3.0%
9/30/2015	5%	5.75%	7.75%	5%	2020	3.0%

*The medical cost trend rate was reduced for Medicare-eligible retirees from 6.0 percent to 5.75 percent for the September, 30 2014 valuation. The medical cost trend rate for pre-Medicare retirees was reduced from 7.75 percent to 7.5 percent for the September 30, 2014 valuation, and increased from 7.5 percent to 7.75 percent for the September 30, 2015 valuation. The year of ultimate trend rate was changed for the September 30, 2015 valuation from 2019 to 2020. The effects of these changes are reflected in the actuarial valuations.

The State Employees' Insurance Board issues a stand-alone financial report that includes the Retired State Employees' Health Care Trust financial statements and required supplementary information for the year ended September 30, 2016. A copy may be obtained by writing to:

State Employees' Insurance Board
P. O. Box 304900
201 South Union Street, Suite 200
Montgomery, AL 36130-4900

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Modified Approach

As allowed by GASB Statement Number 34, the State has adopted the modified approach for reporting roadway and bridge infrastructure assets. Under the modified approach, depreciation is not recorded. Infrastructure costs that result in an increase in the capacity or an improvement in the efficiency of the infrastructure network are capitalized and added to the historical cost of the assets. Costs that allow the infrastructure network to be used efficiently over the expected useful life of the assets are expensed as general maintenance costs. Certain maintenance costs that extend the useful life of the assets but do not increase capacity or efficiency are classified as preservation costs. Preservation costs are expensed and reported in lieu of a charge for depreciation expense. Assets accounted for under the modified approach in fiscal year 2016 include approximately 10,873 miles of state maintained highways and 5,431 of state maintained bridges and culverts.

In order to utilize the modified approach, Alabama is required to:

- Maintain an asset management system that includes an inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate annually the amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved approximately at or above the established condition level.

Roads

Measurement Scale

The Alabama Department of Transportation uses the International Roughness Index (IRI) to measure and monitor pavement conditions. The IRI is a standard representing the perceived smoothness of pavements while traveling in passenger cars. The smoothness is measured by the cumulative height the wheel of a vehicle travels vertically over a mile long section of roadway. For example, if the wheel of a vehicle travels vertically 1.0 inches every 0.01 miles, the IRI for that 1 mile section of roadway would be the sum of 100 measurements (0.01 X 100 = 1 mile) of 1.0 inches each or 100 inches/mile. A lower IRI measurement represents a smoother condition of pavement.

Data is collected by route samples and complete route assessments when available. If data is collected in route samples, the samples are weighted by route length to give system averages. If data is collected for the complete route, the frequency of collection is every 0.01 mile and no weighting is used in the computation of system averages.

The United States Department of Transportation developed suggested values for IRI of <60 inches/mile to >220 inches/mile to grade the smoothness condition of the roadway. The Alabama Department of Transportation utilizes this scale of suggested values in its roadway condition assessments. The IRI scale is as follows:

IRI Rating	Condition	Description
> 170 Interstates > 220 Other Routes	Poor	Significant Maintenance Required (Resurfacing or Reconstruction)
120-170 Interstates 171-220 Other Routes	Mediocre	Moderate Maintenance Required (Resurfacing or Reconstruction)
95-119 Interstates 95-170 Other Routes	Fair	Routine Maintenance Required (Pavement Patching)
60-94 All Routes	Good	Negligible Maintenance Required
< 60 All Routes	Very Good	No Maintenance Required

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Established Condition Level
The weighted average rating of all State maintained roadways shall be "Fair" or better.

Assessed Conditions
The following table represents the most recent condition assessment for roadways classified by Non-Interstate Non-National Highway System Routes, Non-Interstate National Highway System Routes, and Interstate Routes:

	As of September 30,					
	2016		2015		2014	
Category	Miles	Rating	Miles	Rating	Miles	Rating
Non-Interstate Non-National Highway System	6,705	84.16	6,706	82.15	6,717	85.99
Non-Interstate National Highway System	3,169	72.52	3,169	72.47	3,155	72.29
Interstate System	999	62.97	999	70.61	999	70.61
Total and Weighted Average Rating	**10,873**	**78.82**	**10,874**	**78.27**	**10,871**	**80.60**

Bridges

Measurement Scale
ALDOT uses a weighted rating of the major structure components and the deck area of a bridge or culvert. The GASB 34 Bridge Rating is a zero to ten score assigned to each component-rating category and then averaged for each bridge asset classification using an algorithm developed by the ALDOT Maintenance Bureau. The algorithm uses the assessed weighted ratings, each bridge deck area, and the sum of all deck areas. The ten point scale is as follows:

Rating	Condition	Description
1 - 4.99	Marginal	Structural elements have been seriously affected by deterioration.
5 - 6.99	Satisfactory	Structural elements are sound but have minor deterioration.
7 or Greater	Good	Structural elements show negligible signs of deterioration.

Established Condition Level
The weighted average rating of all State maintained bridges and culverts shall be "Satisfactory" or better.

Assessed Conditions
The following table represents the most recent condition assessment for bridges and culverts classified by Non-Interstate Non-National Highway System Routes, Non-Interstate National Highway System Routes, and Interstate Routes:

	As of September 30,					
	2016		2015		2014	
Category	Structures	Rating	Structures	Rating	Structures	Rating
Non-Interstate Non-National Highway System	2,325	6.70	2,303	6.73	2,297	6.74
Non-Interstate National Highway System	1,845	6.67	1,840	6.69	1,839	6.69
Interstate System	1,261	5.99	1,247	6.07	1,265	6.10
Total and Weighted Average Rating	**5,431**	**6.53**	**5,390**	**6.56**	**5,401**	**6.57**

UNAUDITED DRAFT

Estimated and Actual Costs

For fiscal years 2016, 2015, 2014, 2013, and 2012, the State estimated it would need to spend $323.6, $309.2, $333.1, $334.9, and $319.6, respectively, to preserve and maintain all roadway assets (amounts in millions) and $10 million in each year to preserve all bridge assets at or above the "Established Condition Levels" presented above. The State spent $324,726,000 for roadway preservation and $163,389,000 for bridge preservation in fiscal year 2016. The State spent $424,506,000 for roadway preservation and $116,600,000 for bridge preservation in fiscal year 2015. The State spent $468,464,000 for roadway preservation and $80,579,000 for bridge preservation in fiscal year 2014. The State spent $496,695,000 for road preservation and $69,060,000 for bridge preservation in fiscal year 2013. In fiscal year 2012, the State spent $439,145,000 for road preservation and $52,639,000 for bridge preservation. In the next fiscal year, the Alabama Department of Transportation estimates that it will need to spend approximately $361,768,000 to preserve all roadway assets and approximately $10,000,000 to preserve all bridge assets at or above the "Established Condition Levels" presented above. Condition levels are expected to continue to meet or exceed the "Established Condition Levels".

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STATE OF ALABAMA

COMBINING BALANCE SHEET
Nonmajor Governmental Funds by Fund Type

September 30, 2016
(Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals
ASSETS					
Cash and Cash Equivalents	$ 1,418,958	$ 46,595	$ 65,585	$ 605	$ 1,531,743
Investments	823,484	100,618	408,347	94,084	1,426,533
Due From Other Funds	105,559	-	2,124	-	107,683
Due From Component Units	1,409	-	44,130	-	45,539
Investment Sales Receivable	656	-	-	-	656
Accounts Receivable	87,706	-	-	234	87,940
Taxes Receivable	319,356	9,717	-	-	329,073
Due From Other Governments	163,124	-	-	-	163,124
Mortgages, Notes, and Loans Receivable	-	-	-	60	60
Securities Lending Collateral	45	-	-	4,334	4,379
Inventory	1,856	-	-	-	1,856
Restricted Assets	2,202	-	-	-	2,202
Other Assets	150	-	-	-	150
TOTAL ASSETS	**$ 2,924,505**	**$ 156,930**	**$ 520,186**	**$ 99,317**	**$ 3,700,938**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Warrants Payable	$ 12,208	$ 0	$ 0	$ 0	$ 12,208
Investment Purchases Payable	4,934	-	-	-	4,934
Due To Other Funds	53,269	-	-	149	53,418
Due To Component Units	773	-	-	-	773
Accounts Payable	271,873	500	986	260	273,619
Due To Other Governments	212,315	-	40	-	212,355
Securities Lending Obligation	45	-	-	4,334	4,379
Unearned Revenue	6,223	-	-	-	6,223
Amounts Held in Custody for Others	43,397	-	-	-	43,397
Compensated Absences	617	-	-	-	617
Notes and Mortgages Payable	1,179	-	-	-	1,179
Capital Lease Obligations	56	-	-	-	56
Total Liabilities	**606,889**	**500**	**1,026**	**4,743**	**613,158**
Deferred Inflows Of Resources	**305,006**	**0**	**41,330**	**0**	**346,336**
Fund Balances					
Nonspendable:					
Inventory	1,856	-	-	-	1,856
Permanent Fund Principal	-	-	-	91,488	91,488
Restricted for:					
Economic Development and Regulation	161,918	-	-	-	161,918
Education and Cultural Resources	272,047	-	-	2,587	274,634
Natural Resources and Recreation	94,098	-	-	-	94,098
Health	199,852	-	-	83	199,935
Social Services	177,742	-	-	-	177,742
Protection of Persons and Property	216,300	-	-	-	216,300
Transportation	17,164	-	-	-	17,164
General Government	848,230	-	-	416	848,646
Capital Projects	-	-	477,830	-	477,830
Debt Service	-	156,430	-	-	156,430
Assigned for:					
Economic Development and Regulation	3,979	-	-	-	3,979
Education and Cultural Resources	1,926	-	-	-	1,926
Social Services	967	-	-	-	967
Protection of Persons and Property	58,937	-	-	-	58,937
Transportation	359,403	-	-	-	359,403
General Government	14,298	-	-	-	14,298
Unassigned	(416,107)	-	-	-	(416,107)
Total Fund Balances	**2,012,610**	**156,430**	**477,830**	**94,574**	**2,741,444**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 2,924,505**	**$ 156,930**	**$ 520,186**	**$ 99,317**	**$ 3,700,938**

UNAUDITED DRAFT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Nonmajor Governmental Funds by Fund Type

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals
REVENUES					
Taxes	$ 1,352,784	$ 204,669	$ 0	$ 0	$ 1,557,453
Licenses, Permits, and Fees	533,096	-	-	1,344	534,440
Fines, Forfeits, and Court Settlements	126,099	-	-	-	126,099
Investment Income	50,171	3,052	995	3,399	57,617
Federal Grants and Reimbursements	2,084,959	4,502	-	-	2,089,461
Other Revenues	511,021	11,063	1,800	13	523,897
Total Revenues	**4,658,130**	**223,286**	**2,795**	**4,756**	**4,888,967**
EXPENDITURES					
Current:					
Economic Development and Regulation	126,068	-	-	-	126,068
Education and Cultural Resources	1,273,480	-	20	677	1,274,177
Natural Resources and Recreation	145,237	-	-	-	145,237
Health	1,852,827	-	-	-	1,852,827
Social Services	376,409	-	-	17	376,426
Protection of Persons and Property	580,558	-	-	-	580,558
Transportation	262,743	-	-	-	262,743
General Government	723,281	-	-	10	723,291
Capital Outlay	34,034	-	14,790	-	48,824
Debt Service - Principal Retirement	6,495	276,825	-	-	283,320
Debt Service - Interest and Other Charges	5,758	184,465	-	-	190,223
Total Expenditures	**5,386,890**	**461,290**	**14,810**	**704**	**5,863,694**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(728,760)**	**(238,004)**	**(12,015)**	**4,052**	**(974,727)**
OTHER FINANCING SOURCES (USES)					
Transfers In	1,801,978	256,638	6,098	2,833	2,067,547
Bonds Issued	127,852	675	26,588	-	155,115
Refunding Bonds Issued	-	21,660	-	-	21,660
Capital Leases	115	-	-	-	115
Other Debt Issued	3,163	-	-	-	3,163
Debt Issuance Premiums	15,200	2,502	3,412	-	21,114
Insurance Recovery Proceeds	903	-	-	-	903
Transfers Out	(861,742)	(4,904)	(222,070)	(1,211)	(1,089,927)
Payments to Refunded Bond Escrow Agent	-	(21,885)	-	-	(21,885)
Total Other Financing Sources (Uses)	**1,087,469**	**254,686**	**(185,972)**	**1,622**	**1,157,805**
Net Change in Fund Balances	**358,709**	**16,682**	**(197,987)**	**5,674**	**183,078**
Fund Balances, October 1, 2015, as Restated	1,653,770	139,748	675,817	88,900	2,558,235
Increase (Decrease) in Inventory	131	-	-	-	131
Fund Balances, September 30, 2016	**$ 2,012,610**	**$ 156,430**	**$ 477,830**	**$ 94,574**	**$ 2,741,444**

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Nonmajor Special Revenue Funds

Nonmajor Special Revenue Funds account for specific revenue sources that are legally restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Public Health

Accounts for resources used for the primary operations of the Department of Public Health, which promotes the general physical health, enforces laws relating to public health and operates programs providing preventive and treatment services to the public.

Education Department

Accounts primarily for Federal programs administered by the State Department of Education.

Economic and Community Affairs

The Department of Economic and Community Affairs oversees federal and State programs related to energy management, skills enhancement and employment opportunities, traffic control and accident prevention, and state and regional planning.

Revenues Allocated to Other Governments

Accounts for revenues from taxes and other revenue sources which are shared with local governments and component units.

Other Medicaid

Accounts for activity associated with the Medicaid program that is not reported in the Major Governmental Funds under either the General Fund or the Medicaid Fund.

Mental Health

Accounts for resources used by the Department of Mental Health to care for citizens who suffer from mental illness.

Public School Fund

Accounts for revenues and expenditures which are allocated to local boards of education for support of educational programs.

Alabama Public School and College Authority

Accounts for resources used by the Authority, primarily to make grants to local public school systems for capital expenditures.

Labor

Administers the employment security, workers compensation, and industrial safety and accident prevention programs.

Conservation

Is responsible for the management of the State's game and wildlife resources as well as operation of the State parks system.

Twenty-first Century Authority

Accounts for resources used by the Authority for the purpose of making incentive grants to major industries locating or expanding within the State.

Other Special Revenue Funds

Are aggregated for reporting purposes and account for various other resources which must be used for specific purposes.

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STATE OF ALABAMA

COMBINING BALANCE SHEET
Nonmajor Special Revenue Funds

September 30, 2016
(Amounts in Thousands)

	Public Health Department	Education Department	Economic and Community Affairs	Revenues Allocated to Other Governments	Other Medicaid Funds
ASSETS					
Cash and Cash Equivalents	$ 74,037	$ 23,384	$ 8,628	$ 34,767	$ 3
Investments	-	-	31,932	-	-
Due From Other Funds	15,855	5,810	2,645	1,004	647
Due From Component Units	1,019	-	-	-	-
Investment Sales Receivable	-	-	-	-	-
Accounts Receivable	3	9	1,073	-	-
Taxes Receivable	245	20	-	19,904	10,061
Due From Other Governments	15,311	106,401	12,323	-	-
Securities Lending Collateral	2	1	-	1	-
Inventory	-	-	35	-	-
Restricted Assets	-	-	1,312	-	-
Other Assets	-	-	-	-	-
TOTAL ASSETS	**$ 106,472**	**$ 135,625**	**$ 57,948**	**$ 55,676**	**$ 10,711**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Warrants Payable	$ 291	$ 3,468	$ 125	$ 76	$ 0
Investment Purchases Payable	-	-	-	-	-
Due To Other Funds	7,826	834	4,097	1,917	-
Due To Component Units	-	140	2	-	-
Accounts Payable	33,923	8,483	10,561	48	224
Due To Other Governments	3,545	112,820	3,377	50,547	-
Securities Lending Obligation	2	1	-	1	-
Unearned Revenue	-	-	-	-	-
Amounts Held in Custody for Others	-	4	-	-	-
Compensated Absences	59	22	-	-	-
Notes and Mortgages Payable	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-
Total Liabilities	**45,646**	**125,772**	**18,162**	**52,589**	**224**
Deferred Inflows Of Resources	**0**	**0**	**4,680**	**0**	**0**
Fund Balances					
Nonspendable:					
Inventory	-	-	35	-	-
Restricted for:					
Economic Development and Regulation	-	-	-	92	-
Education and Cultural Resources	-	9,556	-	41	-
Natural Resources and Recreation	-	-	-	-	-
Health	60,826	-	-	-	10,487
Social Services	-	297	200	-	-
Protection of Persons and Property	-	-	-	-	-
Transportation	-	-	-	1,767	-
General Government	-	-	34,871	1,187	-
Assigned for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	-
Social Services	-	-	-	-	-
Protection of Persons and Property	-	-	-	-	-
Transportation	-	-	-	-	-
General Government	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	**60,826**	**9,853**	**35,106**	**3,087**	**10,487**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 106,472**	**$ 135,625**	**$ 57,948**	**$ 55,676**	**$ 10,711**

UNAUDITED DRAFT

Mental Health	Public School Fund	Public School and College Authority	Labor Department	Conservation and Natural Resources	Twenty-first Century Authority	Other Special Revenue Funds	Totals
$ 82,724	$ 11,969	$ 133,758	$ 29,435	$ 62,315	$ 2,208	$ 955,730	$ 1,418,958
-	-	1,451	5,108	591	-	784,402	823,484
42,186	-	-	1,449	323	-	35,640	105,559
-	-	-	-	-	-	390	1,409
-	-	-	-	-	-	656	656
57	-	-	136	-	70,304	16,124	87,706
133,498	149,164	-	-	222	-	6,242	319,356
-	-	-	-	-	-	29,089	163,124
3	1	-	1	3	-	33	45
439	-	-	-	670	-	712	1,856
-	-	-	-	-	-	890	2,202
-	-	-	-	-	-	150	150
$ 258,907	**$ 161,134**	**$ 135,209**	**$ 36,129**	**$ 64,124**	**$ 72,512**	**$ 1,830,058**	**$ 2,924,505**
$ 2,000	$ 432	$ 46	$ 31	$ 45	$ 0	$ 5,694	$ 12,208
-	-	-	-	-	-	4,934	4,934
12,470	-	31	1,157	935	-	24,002	53,269
-	-	-	-	-	-	631	773
62,049	-	3,621	4,668	10,883	-	137,413	271,873
10,289	-	2,513	37	2,287	-	26,900	212,315
3	1	-	1	3	-	33	45
-	-	-	-	1	-	6,222	6,223
-	-	-	-	338	-	43,055	43,397
46	-	-	31	28	-	431	617
-	-	-	-	-	-	1,179	1,179
-	-	-	2	-	-	54	56
86,857	**433**	**6,211**	**5,927**	**14,520**	**0**	**250,548**	**606,889**
96,173	**126,095**	**0**	**0**	**0**	**70,304**	**7,754**	**305,006**
439	-	-	-	670	-	712	1,856
-	-	-	-	-	2,208	159,618	161,918
-	34,606	128,998	-	-	-	98,846	272,047
-	-	-	-	48,933	-	45,165	94,098
75,438	-	-	-	-	-	53,101	199,852
-	-	-	20,511	-	-	156,734	177,742
-	-	-	9,691	1	-	206,608	216,300
-	-	-	-	-	-	15,397	17,164
-	-	-	-	-	-	812,172	848,230
-	-	-	-	-	-	3,979	3,979
-	-	-	-	-	-	1,926	1,926
-	-	-	-	-	-	967	967
-	-	-	-	-	-	58,937	58,937
-	-	-	-	-	-	359,403	359,403
-	-	-	-	-	-	14,298	14,298
-	-	-	-	-	-	(416,107)	(416,107)
75,877	**34,606**	**128,998**	**30,202**	**49,604**	**2,208**	**1,571,756**	**2,012,610**
$ 258,907	**$ 161,134**	**$ 135,209**	**$ 36,129**	**$ 64,124**	**$ 72,512**	**$ 1,830,058**	**$ 2,924,505**

UNAUDITED DRAFT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Public Health Department	Education Department	Economic and Community Affairs	Revenues Allocated to Other Governments	Other Medicaid Funds
REVENUES					
Taxes	$ 2,439	$ 2,131	$ 0	$ 351,413	$ 390,756
Licenses, Permits, and Fees	42,767	868	1,440	31,669	-
Fines, Forfeits, and Court Settlements	77	-	1,268	1	-
Investment Income	-	-	68	-	-
Federal Grants and Reimbursements	460,152	983,666	129,786	1,640	-
Other Revenues	37,291	31,392	3,542	2	-
Total Revenues	**542,726**	**1,018,057**	**136,104**	**384,725**	**390,756**
EXPENDITURES					
Current:					
Economic Development and Regulation	-	-	-	2,649	-
Education and Cultural Resources	-	948,476	-	5,339	-
Natural Resources and Recreation	-	-	-	2,351	-
Health	603,771	-	-	410	398,782
Social Services	-	49,918	1	-	-
Protection of Persons and Property	-	-	-	218	-
Transportation	-	-	-	236,379	-
General Government	-	-	135,766	211,136	-
Capital Outlay	-	-	-	-	-
Debt Service - Principal Retirement	739	-	-	-	-
Debt Service - Interest and Other Charges	504	-	32	-	-
Total Expenditures	**605,014**	**998,394**	**135,799**	**458,482**	**398,782**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(62,288)**	**19,663**	**305**	**(73,757)**	**(8,026)**
OTHER FINANCING SOURCES (USES)					
Transfers In	109,678	2,074	8,293	51,955	29,686
Bonds Issued	-	-	-	-	-
Capital Leases	-	-	-	-	-
Other Debt Issued	-	-	-	-	-
Debt Issuance Premiums	-	-	-	-	-
Insurance Recovery Proceeds	-	10	-	-	-
Transfers Out	(28,240)	(24,795)	(7,092)	-	(29,686)
Total Other Financing Sources (Uses)	**81,438**	**(22,711)**	**1,201**	**51,955**	**0**
Net Change in Fund Balances	**19,150**	**(3,048)**	**1,506**	**(21,802)**	**(8,026)**
Fund Balances, October 1, 2015, as Restated	41,676	12,901	33,670	24,889	18,513
Increase (Decrease) in Inventory	-	-	(70)	-	-
Fund Balances, September 30, 2016	**$ 60,826**	**$ 9,853**	**$ 35,106**	**$ 3,087**	**$ 10,487**

UNAUDITED DRAFT

Mental Health	Public School Fund	Public School and College Authority	Labor Department	Conservation and Natural Resources	Twenty-first Century Authority	Other Special Revenue Funds	Totals
$ 211,274	$ 179,074	$ 0	$ 3,201	$ 8,880	$ 0	$ 203,616	$ 1,352,784
105	14	-	277	22,550	-	433,406	533,096
-	-	-	69	901	91,153	32,630	126,099
-	-	236	32	893	4	48,938	50,171
27,591	-	-	54,423	42,983	-	384,718	2,084,959
7,055	56,172	-	92	57,991	-	317,484	511,021
246,025	**235,260**	**236**	**58,094**	**134,198**	**91,157**	**1,420,792**	**4,658,130**
-	-	-	-	-	100	123,319	126,068
-	171,918	37,854	-	-	-	109,893	1,273,480
-	-	-	-	122,605	-	20,281	145,237
746,525	-	-	-	-	-	103,339	1,852,827
195	-	-	67,371	-	-	258,924	376,409
-	-	-	9,058	-	-	571,282	580,558
-	-	-	-	-	-	26,364	262,743
-	-	-	-	-	-	376,379	723,281
-	-	11,921	-	-	13	22,100	34,034
-	-	-	46	-	-	5,710	6,495
-	533	320	7	-	-	4,362	5,758
746,720	**172,451**	**50,095**	**76,482**	**122,605**	**113**	**1,621,953**	**5,386,890**
(500,695)	**62,809**	**(49,859)**	**(18,388)**	**11,593**	**91,044**	**(201,161)**	**(728,760)**
870,201	533	-	19,315	11,440	13,000	685,803	1,801,978
-	-	29,245	-	-	-	98,607	127,852
-	-	-	115	-	-	-	115
-	-	-	-	-	-	3,163	3,163
-	-	3,044	-	-	-	12,156	15,200
-	-	-	10	99	-	784	903
(355,610)	(59,081)	(1,417)	(1,390)	(12,596)	(103,791)	(238,044)	(861,742)
514,591	**(58,548)**	**30,872**	**18,050**	**(1,057)**	**(90,791)**	**562,469**	**1,087,469**
13,896	**4,261**	**(18,987)**	**(338)**	**10,536**	**253**	**361,308**	**358,709**
61,863	30,345	147,985	30,540	39,076	1,955	1,210,357	1,653,770
118	-	-	-	(8)	-	91	131
$ 75,877	**$ 34,606**	**$ 128,998**	**$ 30,202**	**$ 49,604**	**$ 2,208**	**$ 1,571,756**	**$ 2,012,610**

UNAUDITED DRAFT

STATE OF ALABAMA

COMBINING BALANCE SHEET
Other Nonmajor Special Revenue Funds

September 30, 2016
(Amounts in Thousands)

	Corrections	Environmental Management	Professional and Occupational Boards	Emergency Management	Rehabilitation Services
ASSETS					
Cash and Cash Equivalents	$ 25,752	$ 19,727	$ 51,696	$ 1,846	$ 34,147
Investments	-	45,642	13,575	-	-
Due From Other Funds	8,742	1,192	38	497	1,939
Due From Component Units	-	383	-	-	-
Investment Sales Receivable	-	-	-	-	-
Accounts Receivable	803	-	199	1	45
Taxes Receivable	-	-	-	-	-
Due From Other Governments	28	-	-	3,886	-
Securities Lending Collateral	1	1	1	-	1
Inventory	-	-	-	-	91
Restricted Assets	-	-	-	-	-
Other Assets	-	-	29	-	-
TOTAL ASSETS	**$ 35,326**	**$ 66,945**	**$ 65,538**	**$ 6,230**	**$ 36,223**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Warrants Payable	$ 0	$ 286	$ 72	$ 79	$ 269
Investment Purchases Payable	-	-	-	-	-
Due To Other Funds	24	7,467	599	439	977
Due To Component Units	-	250	-	-	-
Accounts Payable	1,775	12,230	2,891	360	12,103
Due To Other Governments	-	1,137	135	3,965	298
Securities Lending Obligation	1	1	1	-	1
Unearned Revenue	-	-	4,447	-	-
Amounts Held in Custody for Others	-	26	930	-	-
Compensated Absences	-	54	-	-	37
Notes and Mortgages Payable	1,179	-	-	-	-
Capital Lease Obligations	-	7	-	-	-
Total Liabilities	**2,979**	**21,458**	**9,075**	**4,843**	**13,685**
Deferred Inflows Of Resources	**0**	**0**	**0**	**0**	**0**
Fund Balances					
Nonspendable:					
Inventory	-	-	-	-	91
Restricted for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	1,327
Natural Resources and Recreation	-	-	6	-	-
Health	-	45,487	-	-	-
Social Services	-	-	-	-	21,120
Protection of Persons and Property	3,400	-	46,777	1,387	-
Transportation	-	-	-	-	-
General Government	-	-	-	-	-
Assigned for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	-
Social Services	-	-	-	-	-
Protection of Persons and Property	28,947	-	9,680	-	-
Transportation	-	-	-	-	-
General Government	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	**32,347**	**45,487**	**56,463**	**1,387**	**22,538**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 35,326**	**$ 66,945**	**$ 65,538**	**$ 6,230**	**$ 36,223**

UNAUDITED DRAFT

Children First Trust	Forever Wild Trust	Fair Trial Tax Fund	Alabama Capital Improvement Trust	County and Municipal Capital Improvement	Revenue Administrative Fund	Miscellaneous Special Revenue Funds	Totals
$ 5,742	$ 1,070	$ 8,240	$ 168	$ 1,243	$ 41,850	$ 764,249	$ 955,730
-	35,230	-	1,644	465,507	-	222,804	784,402
-	72	1	-	-	248	22,911	35,640
-	-	-	-	-	-	7	390
-	-	-	-	656	-	-	656
-	-	1	6	1,088	40	13,941	16,124
-	-	42	-	-	5,730	470	6,242
-	-	-	-	-	-	25,175	29,089
-	-	-	-	-	2	27	33
-	-	-	-	-	447	174	712
-	-	-	-	-	-	890	890
-	-	-	-	-	-	121	150
$ 5,742	**$ 36,372**	**$ 8,284**	**$ 1,818**	**$ 468,494**	**$ 48,317**	**$ 1,050,769**	**$ 1,830,058**
$ 70	$ 0	$ 621	$ 0	$ 0	$ 7	$ 4,290	$ 5,694
-	-	-	-	4,934	-	-	4,934
241	-	62	-	-	2,617	11,576	24,002
-	-	-	-	-	-	381	631
537	12	581	-	-	8,504	98,420	137,413
195	-	9	-	-	32	21,129	26,900
-	-	-	-	-	2	27	33
-	-	-	-	-	-	1,775	6,222
-	-	-	-	-	141	41,958	43,055
-	-	4	-	-	1	335	431
-	-	-	-	-	-	-	1,179
-	-	-	-	-	-	47	54
1,043	**12**	**1,277**	**0**	**4,934**	**11,304**	**179,938**	**250,548**
0	**0**	**0**	**3**	**409**	**0**	**7,342**	**7,754**
-	-	-	-	-	447	174	712
-	-	-	-	-	-	159,618	159,618
-	-	-	-	-	-	97,519	98,846
-	36,360	-	-	-	-	8,799	45,165
123	-	-	-	-	-	7,491	53,101
2,502	-	-	-	-	-	133,112	156,734
1,313	-	-	-	-	-	153,731	206,608
-	-	-	-	-	-	15,397	15,397
761	-	7,007	1,815	463,151	36,566	302,872	812,172
-	-	-	-	-	-	3,979	3,979
-	-	-	-	-	-	1,926	1,926
-	-	-	-	-	-	967	967
-	-	-	-	-	-	20,310	58,937
-	-	-	-	-	-	359,403	359,403
-	-	-	-	-	-	14,298	14,298
-	-	-	-	-	-	(416,107)	(416,107)
4,699	**36,360**	**7,007**	**1,815**	**463,151**	**37,013**	**863,489**	**1,571,756**
$ 5,742	**$ 36,372**	**$ 8,284**	**$ 1,818**	**$ 468,494**	**$ 48,317**	**$ 1,050,769**	**$ 1,830,058**

UNAUDITED DRAFT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Other Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Corrections	Environmental Management	Professional and Occupational Boards	Emergency Management	Rehabilitation Services
REVENUES					
Taxes	$ 0	$ 6,409	$ 0	$ 0	$ 0
Licenses, Permits, and Fees	5,702	67,461	41,174	-	-
Fines, Forfeits, and Court Settlements	1,973	1,493	8,466	-	830
Investment Income	1	16	737	-	-
Federal Grants and Reimbursements	458	18,386	326	50,908	66,141
Other Revenues	22,246	1,533	1,065	803	1,048
Total Revenues	**30,380**	**95,298**	**51,768**	**51,711**	**68,019**
EXPENDITURES					
Current:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	5,371
Natural Resources and Recreation	-	-	6	-	-
Health	-	95,866	-	-	-
Social Services	-	-	-	-	85,907
Protection of Persons and Property	42,458	-	49,055	56,369	-
Transportation	-	-	-	-	-
General Government	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service - Principal Retirement	2,684	117	-	-	-
Debt Service - Interest and Other Charges	2,822	491	4	-	-
Total Expenditures	**47,964**	**96,474**	**49,065**	**56,369**	**91,278**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(17,584)**	**(1,176)**	**2,703**	**(4,658)**	**(23,259)**
OTHER FINANCING SOURCES (USES)					
Transfers In	20,863	5,198	538	7,190	24,136
Bonds Issued	-	-	-	-	-
Other Debt Issued	-	-	-	-	-
Debt Issuance Premiums	-	-	-	-	-
Insurance Recovery Proceeds	426	-	27	-	4
Transfers Out	-	(6,077)	(1,833)	(2,151)	(3,348)
Total Other Financing Sources (Uses)	**21,289**	**(879)**	**(1,268)**	**5,039**	**20,792**
Net Change in Fund Balances	**3,705**	**(2,055)**	**1,435**	**381**	**(2,467)**
Fund Balances, October 1, 2015, as Restated	28,642	47,542	55,028	1,006	24,969
Increase (Decrease) in Inventory	-	-	-	-	36
Fund Balances, September 30, 2016	**$ 32,347**	**$ 45,487**	**$ 56,463**	**$ 1,387**	**$ 22,538**

UNAUDITED DRAFT

Children First Trust	Forever Wild Trust	Fair Trial Tax Fund	Alabama Capital Improvement Trust	County and Municipal Capital Improvement	Revenue Administrative Fund	Miscellaneous Special Revenue Funds	Totals
$ 0	$ 0	$ 11,448	$ 0	$ 0	$ 136,095	$ 49,664	$ 203,616
-	222	270	-	-	7,247	311,330	433,406
-	-	-	-	-	-	19,868	32,630
-	63	-	(10)	44,830	-	3,301	48,938
98	600	151	-	-	1,450	246,200	384,718
40	5	3,951	-	-	6,691	280,102	317,484
138	**890**	**15,820**	**(10)**	**44,830**	**151,483**	**910,465**	**1,420,792**
-	-	-	-	-	-	123,319	123,319
-	-	-	-	-	-	104,522	109,893
-	5,039	-	-	-	-	15,236	20,281
764	-	-	-	-	-	6,709	103,339
15,546	-	-	-	-	-	157,471	258,924
8,164	-	-	-	-	-	415,236	571,282
-	-	-	-	-	-	26,364	26,364
4,730	-	72,003	-	1,294	123,706	174,646	376,379
-	-	-	-	-	-	22,100	22,100
-	-	-	-	-	-	2,909	5,710
-	-	-	4	-	-	1,041	4,362
29,204	**5,039**	**72,003**	**4**	**1,294**	**123,706**	**1,049,553**	**1,621,953**
(29,066)	**(4,149)**	**(56,183)**	**(14)**	**43,536**	**27,777**	**(139,088)**	**(201,161)**
45,127	14,972	63,798	17,500	4,253	6,046	476,182	685,803
-	-	-	-	-	-	98,607	98,607
-	-	-	-	-	-	3,163	3,163
-	-	-	-	-	-	12,156	12,156
-	-	-	-	-	-	327	784
(15,610)	(1,334)	(1,001)	(22,125)	(22,010)	(29,722)	(132,833)	(238,044)
29,517	**13,638**	**62,797**	**(4,625)**	**(17,757)**	**(23,676)**	**457,602**	**562,469**
451	**9,489**	**6,614**	**(4,639)**	**25,779**	**4,101**	**318,514**	**361,308**
4,248	26,871	393	6,454	437,372	32,857	544,975	1,210,357
-	-	-	-	-	55	-	91
$ 4,699	**$ 36,360**	**$ 7,007**	**$ 1,815**	**$ 463,151**	**$ 37,013**	**$ 863,489**	**$ 1,571,756**

UNAUDITED DRAFT

UNAUDITED DRAFT

Nonmajor Debt Service Funds

Nonmajor Debt Service Funds account for financial resources that are restricted, committed or assigned to expenditure for the payment of general governmental debt principal and interest.

Public School and College Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State educational facilities.

General Obligation Bond Debt Service

Accounts for the accumulation of resources used to pay general obligation interest and principal on debt issued by the State for the purpose of financing a wide variety of construction projects.

Twenty-first Century Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing incentive grants to major industries locating or expanding within the State.

Incentives Financing Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State worker training facilities.

Industrial Development Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of making industrial development grants to local governments.

Federal Aid Highway Finance Authority

Accounts for resources used to pay interest and principal on debt issued to finance road and bridge construction.

Public Health Care Authority Debt Service

Accounts for resources used to pay interest and principal on debt issued to finance public health facilities.

Mental Health Finance Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State mental health facilities.

Judicial Building Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction of facilities used by the unified judicial system.

Highway Finance Corporation

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Corporation for the purpose of financing improvements to the State's roads and bridges.

Other Debt Service

Accounts for the accumulation of resources used to pay the interest and principal on all other debt issued by State.

UNAUDITED DRAFT

COMBINING BALANCE SHEET
Nonmajor Debt Service Funds

September 30, 2016
(Amounts in Thousands)

	Public School & College Authority	General Obligation Bonds	Twenty-first Century Authority	Incentives Financing Authority	Industrial Development Authority
ASSETS					
Cash and Cash Equivalents	$ 696	$ 500	$ 17,290	$ 25,168	$ 87
Investments	100,612	-	-	-	-
Taxes Receivable	9,567	-	-	-	-
TOTAL ASSETS	**$ 110,875**	**$ 500**	**$ 17,290**	**$ 25,168**	**$ 87**
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 0	$ 500	$ 0	$ 0	$ 0
Total Liabilities	**0**	**500**	**0**	**0**	**0**
Fund Balances					
Restricted for:					
Debt Service	110,875	-	17,290	25,168	87
Total Fund Balances	**110,875**	**0**	**17,290**	**25,168**	**87**
TOTAL LIABILITIES AND FUND BALANCES	**$ 110,875**	**$ 500**	**$ 17,290**	**$ 25,168**	**$ 87**

UNAUDITED DRAFT

Federal Aid Highway Finance Authority	Public Health Care Authority	Mental Health Finance Authority	Judicial Building Authority	Highway Finance Corporation	Other Debt Service Funds	Totals
$ 0	$ 0	$ 2,854	$ 0	$ 0	$ 0	$ 46,595
-	6	-	-	-	-	100,618
-	-	150	-	-	-	9,717
$ 0	**$ 6**	**$ 3,004**	**$ 0**	**$ 0**	**$ 0**	**$ 156,930**
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 500
0	**0**	**0**	**0**	**0**	**0**	**500**
-	6	3,004	-	-	-	156,430
0	**6**	**3,004**	**0**	**0**	**0**	**156,430**
$ 0	**$ 6**	**$ 3,004**	**$ 0**	**$ 0**	**$ 0**	**$ 156,930**

UNAUDITED DRAFT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Nonmajor Debt Service Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Public School & College Authority	General Obligation Bonds	Twenty-first Century Authority	Incentives Financing Authority	Industrial Development Authority
REVENUES					
Taxes	$ 201,023	$ 0	$ 0	$ 0	$ 0
Investment Income	2,995	-	31	26	-
Federal Grants and Reimbursements	4,502	-	-	-	-
Other Revenues	11,063	-	-	-	-
Total Revenues	**219,583**	**0**	**31**	**26**	**0**
EXPENDITURES					
Debt Service - Principal Retirement	180,905	40,455	9,160	5,770	-
Debt Service - Interest and Other Charges	97,566	26,357	3,673	12,170	-
Total Expenditures	**278,471**	**66,812**	**12,833**	**17,940**	**0**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(58,888)**	**(66,812)**	**(12,802)**	**(17,914)**	**0**
OTHER FINANCING SOURCES (USES)					
Transfers In	77,289	65,812	12,648	17,939	-
Bonds Issued	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-
Debt Issuance Premiums	-	-	-	-	-
Transfers Out	-	-	(10)	-	-
Payments to Refunded Bond Escrow Agent	-	-	-	-	-
Total Other Financing Sources (Uses)	**77,289**	**65,812**	**12,638**	**17,939**	**0**
Net Change in Fund Balances	**18,401**	**(1,000)**	**(164)**	**25**	**0**
Fund Balances, October 1, 2015, as Restated	92,474	1,000	17,454	25,143	87
Fund Balances, September 30, 2016	**$ 110,875**	**$ 0**	**$ 17,290**	**$ 25,168**	**$ 87**

UNAUDITED DRAFT

Federal Aid Highway Finance Authority	Public Health Care Authority	Mental Health Finance Authority	Judicial Building Authority	Highway Finance Corporation	Other Debt Service Funds	Totals
$ 0	$ 0	$ 1,800	$ 0	$ 0	$ 1,846	$ 204,669
-	-	-	-	-	-	3,052
-	-	-	-	-	-	4,502
-	-	-	-	-	-	11,063
0	**0**	**1,800**	**0**	**0**	**1,846**	**223,286**
29,830	1,075	1,760	3,460	3,450	960	276,825
39,188	3,417	326	514	368	886	184,465
69,018	**4,492**	**2,086**	**3,974**	**3,818**	**1,846**	**461,290**
(69,018)	**(4,492)**	**(286)**	**(3,974)**	**(3,818)**	**0**	**(238,004)**
69,014	4,058	2,086	3,974	3,818	-	256,638
-	675	-	-	-	-	675
-	21,660	-	-	-	-	21,660
-	2,502	-	-	-	-	2,502
-	(2,808)	(2,086)	-	-	-	(4,904)
-	(21,885)	-	-	-	-	(21,885)
69,014	**4,202**	**0**	**3,974**	**3,818**	**0**	**254,686**
(4)	**(290)**	**(286)**	**0**	**0**	**0**	**16,682**
4	296	3,290	0	0	0	139,748
$ 0	**$ 6**	**$ 3,004**	**$ 0**	**$ 0**	**$ 0**	**$ 156,430**

UNAUDITED DRAFT

UNAUDITED DRAFT

Nonmajor Capital Project Funds

Nonmajor Capital Project Funds account for financial resources restricted, committed or assigned to expenditure for the acquisition, construction, and improvement of major general governmental capital assets.

Public School and College Authority

Accounts for the proceeds of debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State educational facilities.

General Obligation Bond Projects

Accounts for the proceeds of general obligation debt issued by the State for a wide variety of construction projects involving waterways, parks, roads, prisons, mental hospitals, research labs, and other buildings.

Incentives Finance Authority

Accounts for the proceeds of debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State worker training facilities.

Public Health Care Authority Capital Projects

Accounts for the proceeds of debt issued by the Authority for the purpose of financing the construction of public health facilities.

Mental Health Finance Authority

Accounts for the proceeds of debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State mental health facilities.

Judicial Building Authority

Accounts for proceeds of debt issued by the authority for the purpose of acquiring, constructing, and equipping judicial facilities.

Federal Aid Highway Finance Authority

Accounts for the proceeds of debt issued by the Authority for the purpose of financing improvements to the State's roads and bridges.

Highway Finance Corporation

Accounts for the proceeds of debt issued by the Corporation for the purpose of funding improvements to the State's roads and bridges.

Other Capital Projects

Accounts for the proceeds of all other debt issued by the State to fund capital projects.

UNAUDITED DRAFT

COMBINING BALANCE SHEET
Nonmajor Capital Projects Funds

September 30, 2016
(Amounts in Thousands)

	Public School and College Authority	General Obligation Bond Projects	Incentives Finance Authority	Public Health Care Authority	Mental Health Finance Authority
ASSETS					
Cash and Cash Equivalents	$ 0	$ 29,633	$ 0	$ 25,881	$ 10,065
Investments	-	-	-	31,008	-
Due From Other Funds	31	2,093	-	-	-
Due From Component Units	-	-	-	-	44,130
TOTAL ASSETS	**$ 31**	**$ 31,726**	**$ 0**	**$ 56,889**	**$ 54,195**
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 0	$ 0	$ 0	$ 986	$ 0
Due To Other Governments	-	-	-	-	40
Total Liabilities	**0**	**0**	**0**	**986**	**40**
Deferred Inflows Of Resources	**0**	**0**	**0**	**0**	**41,330**
Fund Balances					
Restricted for:					
Capital Projects	31	31,726	-	55,903	12,825
Total Fund Balances	**31**	**31,726**	**0**	**55,903**	**12,825**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 31**	**$ 31,726**	**$ 0**	**$ 56,889**	**$ 54,195**

UNAUDITED DRAFT

Judicial Building Authority	Federal Aid Highway Finance Authority	Highway Finance Corporation	Other Capital Project Funds	Totals
$ 0	$ 0	$ 0	$ 6	$ 65,585
444	359,403	17,492	-	408,347
-	-	-	-	2,124
-	-	-	-	44,130
$ 444	**$ 359,403**	**$ 17,492**	**$ 6**	**$ 520,186**
$ 0	$ 0	$ 0	$ 0	$ 986
-	-	-	-	40
0	**0**	**0**	**0**	**1,026**
0	**0**	**0**	**0**	**41,330**
444	359,403	17,492	6	477,830
444	**359,403**	**17,492**	**6**	**477,830**
$ 444	**$ 359,403**	**$ 17,492**	**$ 6**	**$ 520,186**

UNAUDITED DRAFT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Nonmajor Capital Projects Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Public School and College Authority	General Obligation Bond Projects	Incentives Finance Authority	Public Health Care Authority	Mental Health Finance Authority
REVENUES					
Investment Income	$ 0	$ 5	$ 0	$ 14	$ 11
Other Revenues	-	-	-	-	1,800
Total Revenues	**0**	**5**	**0**	**14**	**1,811**
EXPENDITURES					
Current:					
Education and Cultural Resources	-	-	-	-	-
Capital Outlay	10	3,572	780	4,756	5,599
Total Expenditures	**10**	**3,572**	**780**	**4,756**	**5,599**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(10)**	**(3,567)**	**(780)**	**(4,742)**	**(3,788)**
OTHER FINANCING SOURCES (USES)					
Transfers In	-	1,037	-	5,035	26
Bonds Issued	-	26,588	-	-	-
Debt Issuance Premiums	-	3,412	-	-	-
Transfers Out	-	-	(1,037)	-	(820)
Total Other Financing Sources (Uses)	**0**	**31,037**	**(1,037)**	**5,035**	**(794)**
Net Change in Fund Balances	**(10)**	**27,470**	**(1,817)**	**293**	**(4,582)**
Fund Balances, October 1, 2015, as Restated	41	4,256	1,817	55,610	17,407
Fund Balances, September 30, 2016	**$ 31**	**$ 31,726**	**$ 0**	**$ 55,903**	**$ 12,825**

UNAUDITED DRAFT

Judicial Building Authority	Federal Aid Highway Finance Authority	Highway Finance Corporation	Other Capital Project Funds	Totals
$ 1	$ 942	$ 22	$ 0	$ 995
-	-	-	-	1,800
1	**942**	**22**	**0**	**2,795**
-	-	-	20	20
73	-	-	-	14,790
73	**0**	**0**	**20**	**14,810**
(72)	**942**	**22**	**(20)**	**(12,015)**
-	-	-	-	6,098
-	-	-	-	26,588
-	-	-	-	3,412
-	(216,523)	(3,690)	-	(222,070)
0	**(216,523)**	**(3,690)**	**0**	**(185,972)**
(72)	**(215,581)**	**(3,668)**	**(20)**	**(197,987)**
516	574,984	21,160	26	675,817
$ 444	**$ 359,403**	**$ 17,492**	**$ 6**	**$ 477,830**

UNAUDITED DRAFT

UNAUDITED DRAFT

Nonmajor Permanent Funds

Nonmajor Permanent Funds report resources that are legally restricted so that only earnings, not principal, may be used for purposes that support the State's governmental programs.

Marine and Game and Fish Endowments

Invests the proceeds of lifetime hunting and fishing licenses and uses the investment income to preserve, protect, propagate, and develop wildlife within the State.

Alabama Research Alliance

Is a trust fund which awards research grants to State universities to promote science and technology.

Senior Services Trust

Invests a portion of the proceeds from the tobacco settlement in order to accumulate money to expand programs benefiting elderly citizens.

Other Permanent Funds

Accounts for several small permanent funds which further educational, health, and social programs.

UNAUDITED DRAFT

STATE OF ALABAMA

COMBINING BALANCE SHEET
Nonmajor Permanent Funds

September 30, 2016
(Amounts in Thousands)

	Marine, Game, and Fish Endowment	Alabama Research Alliance	Senior Services Trust	Other Permanent Funds	Totals
ASSETS					
Cash and Cash Equivalents	$ 480	$ 15	$ 2	$ 108	$ 605
Investments	24,229	14,254	40,147	15,454	94,084
Accounts Receivable	-	1	233	-	234
Mortgages, Notes, and Loans Receivable	-	-	-	60	60
Securities Lending Collateral	961	-	3,373	-	4,334
TOTAL ASSETS	**$ 25,670**	**$ 14,270**	**$ 43,755**	**$ 15,622**	**$ 99,317**
LIABILITIES AND FUND BALANCES					
Liabilities					
Due To Other Funds	$ 137	$ 12	$ 0	$ 0	$ 149
Accounts Payable	-	260	-	-	260
Securities Lending Obligation	961	-	3,373	-	4,334
Total Liabilities	**1,098**	**272**	**3,373**	**0**	**4,743**
Fund Balances					
Nonspendable:					
Permanent Fund Principal	24,572	11,500	40,382	15,034	91,488
Restricted for:					
Education and Cultural Resources	-	2,498	-	89	2,587
Health	-	-	-	83	83
General Government	-	-	-	416	416
Total Fund Balances	**24,572**	**13,998**	**40,382**	**15,622**	**94,574**
TOTAL LIABILITIES AND FUND BALANCES	**$ 25,670**	**$ 14,270**	**$ 43,755**	**$ 15,622**	**$ 99,317**

UNAUDITED DRAFT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Nonmajor Permanent Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Marine, Game, and Fish Endowment	Alabama Research Alliance	Senior Services Trust	Other Permanent Funds	Totals
REVENUES					
Licenses, Permits, and Fees	$ 1,253	$ 0	$ 0	$ 91	$ 1,344
Investment Income	479	321	2,231	368	3,399
Other Revenues	-	-	13	-	13
Total Revenues	**1,732**	**321**	**2,244**	**459**	**4,756**
EXPENDITURES					
Current:					
Education and Cultural Resources	-	677	-	-	677
Social Services	-	-	17	-	17
General Government	-	-	-	10	10
Total Expenditures	**0**	**677**	**17**	**10**	**704**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**1,732**	**(356)**	**2,227**	**449**	**4,052**
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	2,833	-	2,833
Transfers Out	-	(11)	(792)	(408)	(1,211)
Total Other Financing Sources (Uses)	**0**	**(11)**	**2,041**	**(408)**	**1,622**
Net Change in Fund Balances	**1,732**	**(367)**	**4,268**	**41**	**5,674**
Fund Balances, October 1, 2015, as Restated	22,840	14,365	36,114	15,581	88,900
Fund Balances, September 30, 2016	**$ 24,572**	**$ 13,998**	**$ 40,382**	**$ 15,622**	**$ 94,574**

UNAUDITED DRAFT

UNAUDITED DRAFT

Governmental Funds Supplementary Information

Governmental Funds Supplementary Information includes non-GAAP basis schedules demonstrating compliance with the legally adopted budget and summaries of governmental fund revenues in the State Treasury.

UNAUDITED DRAFT

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*

For the Fiscal Year Ended September 30, 2016

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
EXPENDITURES:			
Administrative Office of Courts			
Administrative Services	3,116	3,116	-
Alabama Sentencing Commission	311	311	-
Court Operations	78,194	78,194	-
Drug Court	1,962	1,962	-
Juvenile Probation Officer Services	8,753	8,753	-
TOTAL Administrative Office of Courts	**92,336**	**92,336**	**-**
Agriculture and Industries			
Administrative Services	1,918	1,918	-
Agricultural Development Services	366	366	-
Agricultural Inspection Services	3,911	3,911	-
Lab Analysis and Disease Control	2,560	2,560	-
TOTAL Agriculture and Industries	**8,755**	**8,755**	**-**
Alabama Community College System			
Adult Education	-	-	-
Adult Education: Adult Basic Education	-	-	-
Postsecondary Administration	-	-	-
Postsecondary Administration: Postsecondary/Chancellor's	-	-	-
Postsecondary/Prison Education: Prison Education/Operations and Maintenance	-	-	-
Postsecondary/Technical Colleges	-	-	-
Postsecondary/Technical Colleges: Truck Driver Training-Central Ala Community College	-	-	-
Postsecondary-Special Line Items: Mine Safety	-	-	-
Postsecondary-Special Line Items: Special Populations Training	-	-	-
Postsecondary-Two Year Colleges	-	-	-
Postsecondary-Two Year Colleges: Alabama Technology Network	-	-	-
Postsecondary-Two Year Colleges: Dual Enrollment	-	-	-
Postsecondary-Two Year Colleges: Industry Certification Initiatives	-	-	-
Postsecondary-Two Year Colleges: Marion Military Institute	-	-	-
Postsecondary-Two Year Colleges: Two Year Colleges/Operations and Maintenance	-	-	-
TOTAL Alabama Community College System	**-**	**-**	**-**
Attorney General			
Fair Marketing Practices: Consumer Protection	832	832	-
Legal Advice And Legal Service: Attorney General-Operations	13,269	13,269	-
TOTAL Attorney General	**14,101**	**14,101**	**-**
Auditor			
Fiscal Management	942	860	82
TOTAL Auditor	**942**	**860**	**82**
Commission on Higher Education			
Planning and Coordination Services	-	-	-
Student Financial Aid	-	-	-
Support - Other Educational Activities	-	-	-
Support Of State Programs	-	-	-
Support Of State Universities	-	-	-
TOTAL Commission on Higher Education	**-**	**-**	**-**
Corrections			
Administration Service and Logistical Support	22,726	22,706	20
Correctional Industries	-	-	-
Institutional Service Corrections	377,784	375,384	2,400
TOTAL Corrections	**400,510**	**398,090**	**2,420**

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	3,116	3,116	-
-	-	-	-	-	-	311	311	-
-	-	-	80,461	78,220	2,241	158,655	156,414	2,241
-	-	-	-	-	-	1,962	1,962	-
-	-	-	7,807	7,732	75	16,560	16,485	75
-	**-**	**-**	**88,268**	**85,952**	**2,316**	**180,604**	**178,288**	**2,316**
-	-	-	4,546	4,209	337	6,464	6,127	337
-	-	-	5,070	2,565	2,505	5,436	2,931	2,505
-	-	-	14,218	10,916	3,302	18,129	14,827	3,302
-	-	-	6,716	5,607	1,109	9,276	8,167	1,109
-	**-**	**-**	**30,550**	**23,297**	**7,253**	**39,305**	**32,052**	**7,253**
-	-	-	17,730	10,083	7,647	17,730	10,083	7,647
12,399	12,399	-	-	-	-	12,399	12,399	-
-	-	-	10,565	5,517	5,048	10,565	5,517	5,048
10,274	10,270	4	-	-	-	10,274	10,270	4
9,346	9,346	-	-	-	-	9,346	9,346	-
-	-	-	2,000	1,199	801	2,000	1,199	801
241	241	-	-	-	-	241	241	-
350	350	-	-	-	-	350	350	-
4,500	4,500	-	-	-	-	4,500	4,500	-
-	-	-	10,833	4	10,829	10,833	4	10,829
4,897	4,897	-	-	-	-	4,897	4,897	-
10,300	10,300	-	-	-	-	10,300	10,300	-
2,917	2,917	-	-	-	-	2,917	2,917	-
6,844	6,844	-	-	-	-	6,844	6,844	-
281,033	281,033	-	-	-	-	281,033	281,033	-
343,101	**343,097**	**4**	**41,128**	**16,803**	**24,325**	**384,229**	**359,900**	**24,329**
-	-	-	-	-	-	832	832	-
-	-	-	11,525	8,048	3,477	24,794	21,317	3,477
-	**-**	**-**	**11,525**	**8,048**	**3,477**	**25,626**	**22,149**	**3,477**
-	-	-	-	-	-	942	860	82
-	**-**	**-**	**-**	**-**	**-**	**942**	**860**	**82**
3,253	3,043	210	186	47	139	3,439	3,090	349
6,976	6,966	10	-	-	-	6,976	6,966	10
2,284	2,276	8	1,671	947	724	3,955	3,223	732
3,738	3,738	-	-	-	-	3,738	3,738	-
5,241	5,241	-	-	-	-	5,241	5,241	-
21,492	**21,264**	**228**	**1,857**	**994**	**863**	**23,349**	**22,258**	**1,091**
-	-	-	-	-	-	22,726	22,706	20
-	-	-	26,950	13,958	12,992	26,950	13,958	12,992
-	-	-	62,865	43,057	19,808	440,649	418,441	22,208
-	**-**	**-**	**89,815**	**57,015**	**32,800**	**490,325**	**455,105**	**35,220**

Continued on next page...

UNAUDITED DRAFT

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2016

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Economic and Community Affairs			
Administrative Support Service	1,556	806	750
Energy Management	266	186	80
Law Enforcement Planning and Development	327	327	-
Planning	5,011	5,001	10
Surplus Property	892	492	400
Water Resources	2,185	2,035	150
TOTAL Economic and Community Affairs	**10,237**	**8,847**	**1,390**
Education			
Administrative Services	-	-	-
Ala Science in Motion	-	-	-
At-Risk Student Program	-	-	-
Board Of Adjustment	-	-	-
Career Tech Operations and Maintenance	-	-	-
Disability Determination for Social Security	-	-	-
Endowment Interest Program-Public School Fund	-	-	-
Financial Assistance	-	-	-
Foundation Program	-	-	-
Gifted Students Program	-	-	-
Information Technology Services	-	-	-
Liability Insurance Program	-	-	-
Reading is Fundamental Program	-	-	-
School Nurses Program	-	-	-
Transportation Program	-	-	-
TOTAL Education	-	-	-
Emergency Management Agency			
Readiness And Recovery	-	-	-
Readiness And Recovery: Administration	2,613	2,598	15
Readiness And Recovery: Federal Emergency Management Agency - Match	2,726	2,717	9
TOTAL Emergency Management Agency	**5,339**	**5,315**	**24**
Examiners of Public Accounts			
Legislative Support - Audit Service	5,812	5,812	-
TOTAL Examiners of Public Accounts	**5,812**	**5,812**	**-**
Finance			
Administrative Support Service	-	-	-
Administrative Support Service: Alabama Building Renovation Finance Authority	-	-	-
Administrative Support Service: Capitol	1,741	801	940
Administrative Support Service: Capitol Complex Maintenance and Repair	-	-	-
Administrative Support Service: Energy Management	-	-	-
Administrative Support Service: Facilities Management	500	10	490
Administrative Support Service: Leasing Management	-	-	-
Administrative Support Service: Legal Division	106	98	8
Fiscal Management	-	-	-
Fiscal Management: Budget Office	3,484	3,191	293
Fiscal Management: Director's Office	770	205	565
TOTAL Finance	**6,601**	**4,305**	**2,296**

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
-	-	-	10,849	9,970	879	12,405	10,776	1,629
-	-	-	58,080	47,090	10,990	58,346	47,276	11,070
-	-	-	40,000	25,256	14,744	40,327	25,583	14,744
-	-	-	98,261	55,976	42,285	103,272	60,977	42,295
-	-	-	1,889	1,489	400	2,781	1,981	800
-	-	-	7,470	3,264	4,206	9,655	5,299	4,356
-	**-**	**-**	**216,549**	**143,045**	**73,504**	**226,786**	**151,892**	**74,894**
155,272	153,029	2,243	60,568	25,513	35,055	215,840	178,542	37,298
-	-	-	1,584	149	1,435	1,584	149	1,435
20,268	20,268	-	-	-	-	20,268	20,268	-
751	751	-	-	-	-	751	751	-
5,000	5,000	-	-	-	-	5,000	5,000	-
-	-	-	99,140	49,254	49,886	99,140	49,254	49,886
-	-	-	533	533	-	533	533	-
35,289	34,826	463	1,259,348	898,912	360,436	1,294,637	933,738	360,899
3,460,136	3,460,136	-	175,000	175,000	-	3,635,136	3,635,136	-
1,250	1,250	-	-	-	-	1,250	1,250	-
4,665	4,665	-	-	-	-	4,665	4,665	-
2,250	2,250	-	-	-	-	2,250	2,250	-
30	30	-	-	-	-	30	30	-
29,985	29,985	-	-	-	-	29,985	29,985	-
320,326	320,326	-	-	-	-	320,326	320,326	-
4,035,222	**4,032,516**	**2,706**	**1,596,173**	**1,149,361**	**446,812**	**5,631,395**	**5,181,877**	**449,518**
-	-	-	93,366	54,700	38,666	93,366	54,700	38,666
-	-	-	-	-	-	2,613	2,598	15
-	-	-	-	-	-	2,726	2,717	9
-	**-**	**-**	**93,366**	**54,700**	**38,666**	**98,705**	**60,015**	**38,690**
6,266	6,266	-	5,523	4,529	994	17,601	16,607	994
6,266	**6,266**	**-**	**5,523**	**4,529**	**994**	**17,601**	**16,607**	**994**
-	-	-	132,040	95,482	36,558	132,040	95,482	36,558
-	-	-	51,445	37,020	14,425	51,445	37,020	14,425
-	-	-	-	-	-	1,741	801	940
-	-	-	10,911	4,637	6,274	10,911	4,637	6,274
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	500	10	490
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	106	98	8
-	-	-	21,960	17,593	4,367	21,960	17,593	4,367
-	-	-	-	-	-	3,484	3,191	293
-	-	-	-	-	-	770	205	565
-	**-**	**-**	**216,356**	**154,732**	**61,624**	**222,957**	**159,037**	**63,920**

UNAUDITED DRAFT

Continued on next page...

	General Fund		
	Budget	**Actual**	**Variance**
Governor			
Criminal Investigation: Law Enforcement Fund	71	-	71
Executive Direction: Governor's BP Oil Spill	-	-	-
Executive Direction: Governor's Contingency Fund	285	138	147
Executive Direction: Governor's Office	3,487	2,499	988
Executive Direction: Governor's Proclamation Expense	383	53	330
Executive Direction: Justice Reinvestment Initiative	-	-	-
Executive Direction: National Governor's Conference	143	143	-
TOTAL Governor	**4,369**	**2,833**	**1,536**
Human Resources			
Human Services	-	-	-
TOTAL Human Resources	-	-	-
Labor			
Administrative Services	-	-	-
Employment Security	-	-	-
Industrial Safety and Accident Prevention	1,090	940	150
Regulation Workers Compensation	-	-	-
Regulatory Services	-	-	-
TOTAL Labor	**1,090**	**940**	**150**
Law Enforcement Agency			
Administrative Bureau	-	-	-
Department of Public Safety	-	-	-
Information Bureau	-	-	-
Law Enforcement Support	-	-	-
Readiness And Recovery	-	-	-
State Bureau of Investigation	-	-	-
TOTAL Law Enforcement Agency	-	-	-
Legislature			
Commission to Reduce Poverty	7	-	7
Legislative Operations and Support	26,000	18,533	7,467
TOTAL Legislature	**26,007**	**18,533**	**7,474**
Medicaid Agency			
Medicaid: Administrative Cost	38,184	27,662	10,522
Medicaid: Alternative Care	38,711	38,200	511
Medicaid: Family Planning	5,360	1,278	4,082
Medicaid: Health Support	31,598	30,822	776
Medicaid: Hospital Care	95,915	65,886	30,029
Medicaid: Medicaid-Children's Health Insurance Program	-	-	-
Medicaid: Mental Health - Facilities	-	-	-
Medicaid: Mental Health - Waivers	-	-	-
Medicaid: Mental Health-Others Health Insurance	-	-	-
Medicaid: Nursing Home Care	186,442	182,856	3,586
Medicaid: Pharmaceutical	200,413	199,100	1,313
Medicaid: Physician Care	90,320	87,093	3,227
Medicaid: Premiums	90,685	88,730	1,955
TOTAL Medicaid Agency	**777,628**	**721,627**	**56,001**

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	71	-	71
-	-	-	3,286	2,074	1,212	3,286	2,074	1,212
-	-	-	-	-	-	285	138	147
-	-	-	-	-	-	3,487	2,499	988
-	-	-	-	-	-	383	53	330
-	-	-	7	7	-	7	7	-
-	-	-	-	-	-	143	143	-
-	**-**	**-**	**3,293**	**2,081**	**1,212**	**7,662**	**4,914**	**2,748**
-	-	-	2,040,031	1,923,646	116,385	2,040,031	1,923,646	116,385
-	**-**	**-**	**2,040,031**	**1,923,646**	**116,385**	**2,040,031**	**1,923,646**	**116,385**
-	-	-	19,806	13,424	6,382	19,806	13,424	6,382
-	-	-	74,022	54,571	19,451	74,022	54,571	19,451
-	-	-	8,992	5,181	3,811	10,082	6,121	3,961
-	-	-	5,098	3,785	1,313	5,098	3,785	1,313
-	-	-	1,712	1,232	480	1,712	1,232	480
-	**-**	**-**	**109,630**	**78,193**	**31,437**	**110,720**	**79,133**	**31,587**
-	-	-	28,017	15,904	12,113	28,017	15,904	12,113
-	-	-	81,822	63,876	17,946	81,822	63,876	17,946
-	-	-	56,910	41,489	15,421	56,910	41,489	15,421
-	-	-	36,637	24,626	12,011	36,637	24,626	12,011
-	-	-	117	-	117	117	-	117
-	-	-	35,486	18,300	17,186	35,486	18,300	17,186
-	**-**	**-**	**238,989**	**164,195**	**74,794**	**238,989**	**164,195**	**74,794**
-	-	-	-	-	-	7	-	7
2,649	2,644	5	-	-	-	28,649	21,177	7,472
2,649	**2,644**	**5**	**-**	**-**	**-**	**28,656**	**21,177**	**7,479**
-	-	-	252,198	205,065	47,133	290,382	232,727	57,655
-	-	-	343,588	340,504	3,084	382,299	378,704	3,595
-	-	-	64,655	64,412	243	70,015	65,690	4,325
-	-	-	244,068	243,488	580	275,666	274,310	1,356
-	-	-	2,176,183	2,144,928	31,255	2,272,098	2,210,814	61,284
-	-	-	72,097	70,424	1,673	72,097	70,424	1,673
-	-	-	2,314	2,056	258	2,314	2,056	258
-	-	-	346,154	345,823	331	346,154	345,823	331
-	-	-	135,202	135,059	143	135,202	135,059	143
-	-	-	773,070	769,475	3,595	959,512	952,331	7,181
-	-	-	571,787	568,156	3,631	772,200	767,256	4,944
-	-	-	449,000	447,058	1,942	539,320	534,151	5,169
-	-	-	297,100	296,314	786	387,785	385,044	2,741
-	**-**	**-**	**5,727,416**	**5,632,762**	**94,654**	**6,505,044**	**6,354,389**	**150,655**

UNAUDITED DRAFT

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2016

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Mental Health			
Administrative Services	-	-	-
Institutional Treatment and Care of Intellectually Disabled	-	-	-
Institutional Treatment and Care of Mentally Ill	-	-	-
Special Services	-	-	-
Substance Abuse Program	-	-	-
TOTAL Mental Health	-	-	-
Public Health			
Administrative Services	8,302	8,180	122
Children's Health Insurance	-	-	-
Emergency Medical Service Education	-	-	-
Family Practice Rural Health	-	-	-
Public Health Services	28,629	28,539	90
TOTAL Public Health	**36,931**	**36,719**	**212**
Public Service Commission			
Regulatory Services	-	-	-
TOTAL Public Service Commission	-	-	-
Rehabilitation Services			
Direct Client Services-Handicap	-	-	-
TOTAL Rehabilitation Services	-	-	-
Revenue			
State Revenue Administration	248	84	164
TOTAL Revenue	**248**	**84**	**164**
Secretary of State			
Administrative Support Service	-	-	-
Administrative Support Service: Administration Of Help America Vote Act	-	-	-
Administrative Support Service: Distribution of Public Documents	197	156	41
Administrative Support Service: Printing Acts/Journals	96	23	73
Administrative Support Service: Printing of Codes	340	113	227
Administrative Support Service: Secretary of State	17	-	17
Special Services: Training Elected Officials	97	37	60
TOTAL Secretary of State	**747**	**329**	**418**
Transportation			
General Administration	-	-	-
General Aviation and Aeronautics	-	-	-
Surface Transportation Improvements	-	-	-
TOTAL Transportation	-	-	-
Treasurer			
Fiscal Management	-	-	-
TOTAL Treasurer	-	-	-
Youth Services			
Community Educational Programs	-	-	-
Financial Assistance	-	-	-
Youth Services	6,005	6,005	-
TOTAL Youth Services	**6,005**	**6,005**	**-**

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	24,456	21,019	3,437	24,456	21,019	3,437
-	-	-	487,517	483,843	3,674	487,517	483,843	3,674
-	-	-	364,649	340,699	23,950	364,649	340,699	23,950
-	-	-	21,020	16,849	4,171	21,020	16,849	4,171
-	-	-	58,774	43,023	15,751	58,774	43,023	15,751
-	**-**	**-**	**956,416**	**905,433**	**50,983**	**956,416**	**905,433**	**50,983**
907	907	-	24,591	23,223	1,368	33,800	32,310	1,490
-	-	-	182,973	174,498	8,475	182,973	174,498	8,475
1,636	1,636	-	-	-	-	1,636	1,636	-
2,411	2,384	27	-	-	-	2,411	2,384	27
12,003	11,961	42	503,343	384,960	118,383	543,975	425,460	118,515
16,957	**16,888**	**69**	**710,907**	**582,681**	**128,226**	**764,795**	**636,288**	**128,507**
-	-	-	27,956	21,646	6,310	27,956	21,646	6,310
-	**-**	**-**	**27,956**	**21,646**	**6,310**	**27,956**	**21,646**	**6,310**
41,536	41,535	1	132,336	103,730	28,606	173,872	145,265	28,607
41,536	**41,535**	**1**	**132,336**	**103,730**	**28,606**	**173,872**	**145,265**	**28,607**
-	-	-	172,608	153,469	19,139	172,856	153,553	19,303
-	**-**	**-**	**172,608**	**153,469**	**19,139**	**172,856**	**153,553**	**19,303**
-	-	-	5,219	4,159	1,060	5,219	4,159	1,060
-	-	-	7,455	539	6,916	7,455	539	6,916
-	-	-	-	-	-	197	156	41
-	-	-	-	-	-	96	23	73
-	-	-	-	-	-	340	113	227
-	-	-	-	-	-	17	-	17
-	-	-	-	-	-	97	37	60
-	**-**	**-**	**12,674**	**4,698**	**7,976**	**13,421**	**5,027**	**8,394**
-	-	-	207,570	191,522	16,048	207,570	191,522	16,048
-	-	-	31,328	26,110	5,218	31,328	26,110	5,218
-	-	-	2,357,681	1,463,744	893,937	2,357,681	1,463,744	893,937
-	**-**	**-**	**2,596,579**	**1,681,376**	**915,203**	**2,596,579**	**1,681,376**	**915,203**
-	-	-	5,393	3,809	1,584	5,393	3,809	1,584
-	**-**	**-**	**5,393**	**3,809**	**1,584**	**5,393**	**3,809**	**1,584**
3,566	3,566	-	-	-	-	3,566	3,566	-
6,215	5,967	248	882	498	384	7,097	6,465	632
44,564	43,822	742	39,501	36,651	2,850	90,070	86,478	3,592
54,345	**53,355**	**990**	**40,383**	**37,149**	**3,234**	**100,733**	**96,509**	**4,224**

Continued on next page...

UNAUDITED DRAFT

	General Fund		
	Budget	Actual	Variance
Universities and Training Institutes			
Alabama Agricultural and Mechanical University			
Support Of State Universities: A&M Agricultural Research Extension State Match	-	-	-
Support Of State Universities: Agricultural Research Station Fixed Costs	-	-	-
Support Of State Universities: Ala A&M:Miles College	-	-	-
Support Of State Universities: Alabama A&M-Operations and Maintenance	-	-	-
Support Of State Universities: Carter Science Center	-	-	-
Support Of State Universities: Dormitory Renovation	-	-	-
Support Of State Universities: Huntsville Network Urban School Renewal	-	-	-
Support Of State Universities: Urban Affairs and Non-Traditional Program	-	-	-
Total Alabama Agricultural and Mechanical University	-	-	-
Alabama Fire College and Personnel Standards Training Commission			
Firefighters - Fire College: Alabama Fire College	-	-	-
Total Alabama Fire College and Personnel Standards Training Commission	-	-	-
Alabama Institute for the Deaf and Blind			
Alabama Institute for the Deaf and Blind- Children and Youth	-	-	-
Total Alabama Institute for the Deaf and Blind	-	-	-
Alabama Institute for the Deaf and Blind - Adult Program			
Alabama Institute for the Deaf and Blind- Adult Programs	-	-	-
Total Alabama Institute for the Deaf and Blind - Adult Program	-	-	-
Alabama Institute for the Deaf and Blind - Industries			
Alabama Institute for the Deaf and Blind- Industries for the	-	-	-
Total Alabama Institute for the Deaf and Blind - Industries	-	-	-
Alabama State University			
Support Of State Universities: Alabama State University-Operations and Maintenance	-	-	-
Total Alabama State University	-	-	-
Athens State University			
Support Of State Universities: Athens State University	-	-	-
Total Athens State University	-	-	-
Auburn University			
Support Of State Universities: Auburn University System/Operations and Maintenance	-	-	-
Support Of State Universities: Auburn University Veterinary-Breast Cancer	-	-	-
Support Of State Universities: Aviation Center	-	-	-
Support Of State Universities: Cyber Security Center	-	-	-
Total Auburn University	-	-	-
Auburn University - Agricultural Experiment Station			
Support Of State Universities: Auburn/Agriculture Experiment Station	-	-	-
Total Auburn University - Agricultural Experiment Station	-	-	-
Auburn University - Alabama Cooperative Extension			
Support Of State Universities: Auburn/Cooperative Extension Service	-	-	-
Total Auburn University - Alabama Cooperative Extension	-	-	-
Auburn University - Montgomery			
Support Of State Universities: Auburn/AUM Operations and Maintenance	-	-	-
Total Auburn University - Montgomery	-	-	-
Jacksonville State University			
Support Of State Universities: Jacksonville State University/Operations and Maintenance	-	-	-
Total Jacksonville State University	-	-	-
Talladega College			
Support - Other Educational Activities	-	-	-
Total Talladega College	-	-	-

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
1,190	1,190	-	-	-	-	1,190	1,190	-
278	278	-	-	-	-	278	278	-
264	264	-	-	-	-	264	264	-
32,054	32,054	-	-	-	-	32,054	32,054	-
100	100	-	-	-	-	100	100	-
400	400	-	-	-	-	400	400	-
100	100	-	-	-	-	100	100	-
3,748	3,748	-	-	-	-	3,748	3,748	-
38,134	**38,134**	**-**	**-**	**-**	**-**	**38,134**	**38,134**	**-**
3,983	3,983	-	-	-	-	3,983	3,983	-
3,983	**3,983**	**-**	**-**	**-**	**-**	**3,983**	**3,983**	**-**
30,287	30,287	-	-	-	-	30,287	30,287	-
30,287	**30,287**	**-**	**-**	**-**	**-**	**30,287**	**30,287**	**-**
11,579	11,579	-	-	-	-	11,579	11,579	-
11,579	**11,579**	**-**	**-**	**-**	**-**	**11,579**	**11,579**	**-**
8,599	8,599	-	-	-	-	8,599	8,599	-
8,599	**8,599**	**-**	**-**	**-**	**-**	**8,599**	**8,599**	**-**
42,299	42,299	-	-	-	-	42,299	42,299	-
42,299	**42,299**	**-**	**-**	**-**	**-**	**42,299**	**42,299**	**-**
11,707	11,707	-	-	-	-	11,707	11,707	-
11,707	**11,707**	**-**	**-**	**-**	**-**	**11,707**	**11,707**	**-**
158,324	158,324	-	-	-	-	158,324	158,324	-
1,100	1,100	-	-	-	-	1,100	1,100	-
1,500	1,500	-	-	-	-	1,500	1,500	-
1,000	1,000	-	-	-	-	1,000	1,000	-
161,924	**161,924**	**-**	**-**	**-**	**-**	**161,924**	**161,924**	**-**
30,887	30,887	-	-	-	-	30,887	30,887	-
30,887	**30,887**	**-**	**-**	**-**	**-**	**30,887**	**30,887**	**-**
32,205	32,205	-	-	-	-	32,205	32,205	-
32,205	**32,205**	**-**	**-**	**-**	**-**	**32,205**	**32,205**	**-**
22,775	22,775	-	-	-	-	22,775	22,775	-
22,775	**22,775**	**-**	**-**	**-**	**-**	**22,775**	**22,775**	**-**
37,095	37,095	-	-	-	-	37,095	37,095	-
37,095	**37,095**	**-**	**-**	**-**	**-**	**37,095**	**37,095**	**-**
633	633	-	-	-	-	633	633	-
633	**633**	**-**	**-**	**-**	**-**	**633**	**633**	**-**

Continued on next page...

UNAUDITED DRAFT

	General Fund		
	Budget	**Actual**	**Variance**
Troy State University			
Support Of State Universities: Troy State University System/Operations and Maintenance	-	-	-
Total Troy State University	-	-	-
Tuskegee University			
Support - Other Educational Activities	-	-	-
Total Tuskegee University	-	-	-
University of Alabama - Birmingham			
Support Of State Universities	-	-	-
Support Of State Universities: Chauncey Sparks Center/University of Alabama at Birmingham	-	-	-
Support Of State Universities: University of Alabama at Birmingham- Cancer Center	-	-	-
Support Of State Universities: University Of Alabama-Birmingham/Operations and Maintenance	-	-	-
Total University of Alabama - Birmingham	-	-	-
University of Alabama - Huntsville			
Support Of State Universities: University Of Alabama-Huntsville/Operations and Maintenance	-	-	-
Total University of Alabama - Huntsville	-	-	-
University of Alabama - Tuscaloosa			
Support Of State Universities: University Of Alabama-Tuscaloosa/Operations and Maintenance	-	-	-
Total University of Alabama - Tuscaloosa	-	-	-
University of Montevallo			
Support Of State Universities: American Village	-	-	-
Support Of State Universities: University Of Montevallo-Operations and Maintenance	-	-	-
Total University of Montevallo	-	-	-
University of North Alabama			
Support Of State Universities: University Of North Alabama/Operations and Maintenance	-	-	-
Total University of North Alabama	-	-	-
University of South Alabama			
Support Of State Universities: University Of South Alabama/Cancer Center	-	-	-
Support Of State Universities: University Of South Alabama/Operations and Maintenance	-	-	-
Total University of South Alabama	-	-	-
University of West Alabama			
Support Of State Universities: University Of West Alabama/Operations and Maintenance	-	-	-
Total University of West Alabama	-	-	-
TOTAL Universities and Training Institutes	-	-	-
Other			
Accountancy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Accountancy Board	-	-	-
Agricultural Museum Board			
Agricultural Promotional Program	90	40	50
Total Agricultural Museum Board	**90**	**40**	**50**
Agriculture and Conservation Development Commission			
Water Resource Development	-	-	-
Total Agriculture and Conservation Development Commission	-	-	-
Alabama Athletic Commission			
Licensing, Regulation and Enforcement	-	-	-
Total Alabama Athletic Commission	-	-	-
Alabama Board of Court Reporting			
Professional and Occupational Licensure and Regulation	-	-	-
Total Alabama Board of Court Reporting	-	-	-

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
47,521	47,521	-	-	-	-	47,521	47,521	-
47,521	**47,521**	**-**	**-**	**-**	**-**	**47,521**	**47,521**	**-**
9,921	9,921	-	-	-	-	9,921	9,921	-
9,921	**9,921**	**-**	**-**	**-**	**-**	**9,921**	**9,921**	**-**
-	-	-	38	38	-	38	38	-
3,237	3,237	-	-	-	-	3,237	3,237	-
5,053	5,053	-	-	-	-	5,053	5,053	-
259,040	259,040	-	-	-	-	259,040	259,040	-
267,330	**267,330**	**-**	**38**	**38**	**-**	**267,368**	**267,368**	**-**
44,959	44,959	-	-	-	-	44,959	44,959	-
44,959	**44,959**	**-**	**-**	**-**	**-**	**44,959**	**44,959**	**-**
148,442	148,442	-	-	-	-	148,442	148,442	-
148,442	**148,442**	**-**	**-**	**-**	**-**	**148,442**	**148,442**	**-**
25	25	-	-	-	-	25	25	-
19,016	19,016	-	-	-	-	19,016	19,016	-
19,041	**19,041**	**-**	**-**	**-**	**-**	**19,041**	**19,041**	**-**
27,179	27,179	-	-	-	-	27,179	27,179	-
27,179	**27,179**	**-**	**-**	**-**	**-**	**27,179**	**27,179**	**-**
3,000	3,000	-	-	-	-	3,000	3,000	-
101,977	101,977	-	-	-	-	101,977	101,977	-
104,977	**104,977**	**-**	**-**	**-**	**-**	**104,977**	**104,977**	**-**
14,356	14,356	-	-	-	-	14,356	14,356	-
14,356	**14,356**	**-**	**-**	**-**	**-**	**14,356**	**14,356**	**-**
1,115,833	**1,115,833**	**-**	**38**	**38**	**-**	**1,115,871**	**1,115,871**	**-**
-	-	-	1,446	1,256	190	1,446	1,256	190
-	**-**	**-**	**1,446**	**1,256**	**190**	**1,446**	**1,256**	**190**
-	-	-	-	-	-	90	40	50
-	**-**	**-**	**-**	**-**	**-**	**90**	**40**	**50**
-	-	-	414	144	270	414	144	270
-	**-**	**-**	**414**	**144**	**270**	**414**	**144**	**270**
-	-	-	206	125	81	206	125	81
-	**-**	**-**	**206**	**125**	**81**	**206**	**125**	**81**
-	-	-	200	88	112	200	88	112
-	**-**	**-**	**200**	**88**	**112**	**200**	**88**	**112**

Continued on next page...

UNAUDITED DRAFT

	General Fund		
	Budget	**Actual**	**Variance**
Alabama Construction Recruitment			
Recruitment/Training Promotion	-	-	-
Total Alabama Construction Recruitment	**-**	**-**	**-**
Alabama Innovation Fund			
Alabama Innovation Fund	-	-	-
Total Alabama Innovation Fund	**-**	**-**	**-**
Alabama Law Institute			
Support - Other Educational Activities	311	217	94
Total Alabama Law Institute	**311**	**217**	**94**
Alabama Onsite Wastewater Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Alabama Onsite Wastewater Board	**-**	**-**	**-**
Alabama Public Historical Sites Improvement Corporation			
Debt Service	-	-	-
Total Alabama Public Historical Sites Improvement Corporation	**-**	**-**	**-**
Alabama Security Regulatory Board			
Licensing, Regulation and Enforcement	-	-	-
Total Alabama Security Regulatory Board	**-**	**-**	**-**
Alabama Trust Fund			
Alabama Natural Heritage	-	-	-
Fiscal Management	74	18	56
Total Alabama Trust Fund	**74**	**18**	**56**
Alcoholic Beverage Control Board			
Administrative Services	-	-	-
Alcoholic Beverage Management	-	-	-
Licensing, Regulation and Enforcement	-	-	-
Total Alcoholic Beverage Control Board	**-**	**-**	**-**
Architects Registration Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Architects Registration Board	**-**	**-**	**-**
Archives and History			
Historical Resources Management	1,753	1,737	16
Total Archives and History	**1,753**	**1,737**	**16**
Assisted Living Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Assisted Living Examiners Board	**-**	**-**	**-**
Athlete Agent Regulatory Commission			
Professional and Occupational Licensure and Regulation	-	-	-
Total Athlete Agent Regulatory Commission	**-**	**-**	**-**
Athletic Trainers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Athletic Trainers Board	**-**	**-**	**-**
Auctioneers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Auctioneers Board	**-**	**-**	**-**
Banking			
Charter Licensure and Regulation Financial	-	-	-
Total Banking	**-**	**-**	**-**

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	1,750	1,308	442	1,750	1,308	442
-	**-**	**-**	**1,750**	**1,308**	**442**	**1,750**	**1,308**	**442**
1,420	1,420	-	-	-	-	1,420	1,420	-
1,420	**1,420**	**-**	**-**	**-**	**-**	**1,420**	**1,420**	**-**
650	643	7	145	30	115	1,106	890	216
650	**643**	**7**	**145**	**30**	**115**	**1,106**	**890**	**216**
-	-	-	485	332	153	485	332	153
-	**-**	**-**	**485**	**332**	**153**	**485**	**332**	**153**
-	-	-	270	270	-	270	270	-
-	**-**	**-**	**270**	**270**	**-**	**270**	**270**	**-**
-	-	-	275	223	52	275	223	52
-	**-**	**-**	**275**	**223**	**52**	**275**	**223**	**52**
-	-	-	1,000	636	364	1,000	636	364
-	-	-	-	-	-	74	18	56
-	**-**	**-**	**1,000**	**636**	**364**	**1,074**	**654**	**420**
-	-	-	19,503	13,121	6,382	19,503	13,121	6,382
-	-	-	58,430	53,975	4,455	58,430	53,975	4,455
-	-	-	5,479	3,994	1,485	5,479	3,994	1,485
-	**-**	**-**	**83,412**	**71,090**	**12,322**	**83,412**	**71,090**	**12,322**
-	-	-	538	432	106	538	432	106
-	**-**	**-**	**538**	**432**	**106**	**538**	**432**	**106**
4,216	4,213	3	445	304	141	6,414	6,254	160
4,216	**4,213**	**3**	**445**	**304**	**141**	**6,414**	**6,254**	**160**
-	-	-	106	77	29	106	77	29
-	**-**	**-**	**106**	**77**	**29**	**106**	**77**	**29**
-	-	-	52	39	13	52	39	13
-	**-**	**-**	**52**	**39**	**13**	**52**	**39**	**13**
-	-	-	75	63	12	75	63	12
-	**-**	**-**	**75**	**63**	**12**	**75**	**63**	**12**
-	-	-	165	147	18	165	147	18
-	**-**	**-**	**165**	**147**	**18**	**165**	**147**	**18**
-	-	-	16,749	16,510	239	16,749	16,510	239
-	**-**	**-**	**16,749**	**16,510**	**239**	**16,749**	**16,510**	**239**

UNAUDITED DRAFT

Continued on next page...

	General Fund		
	Budget	**Actual**	**Variance**
Board of Adjustment			
Special Services: Damage Claims-Board of Adjustment	29	7	22
Special Services: Death Claims-Board of Adjustment	1,356	1,356	-
Total Board of Adjustment	**1,385**	**1,363**	**22**
Board of Cosmetology and Barbering			
Professional and Occupational Licensure and Regulation	-	-	-
Total Board of Cosmetology and Barbering	-	-	-
Board of Prosthetists and Orthotists			
Professional and Occupational Licensure and Regulation	-	-	-
Total Board of Prosthetists and Orthotists	-	-	-
Board of Respiratory Therapy			
Professional and Occupational Licensure and Regulation	-	-	-
Total Board of Respiratory Therapy	-	-	-
Child Abuse & Neglect Prevention			
Social Services	-	-	-
Total Child Abuse & Neglect Prevention	-	-	-
Children Services Facilitation			
Human Services	-	-	-
Total Children Services Facilitation	-	-	-
Chiropractic Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Chiropractic Examiners Board	-	-	-
Choctawhatchee, Pea and Yellow Rivers Watershed Management Authority			
Water Resource Development	230	187	43
Total Choctawhatchee, Pea and Yellow Rivers Watershed Management Authority	**230**	**187**	**43**
Coalition Against Domestic Violence			
Non-State	179	179	-
Total Coalition Against Domestic Violence	**179**	**179**	**-**
Conservation and Natural Resources			
Administrative Services	-	-	-
Game and Fish	-	-	-
Marine Resources	-	-	-
Outdoor Recreation Sites and Services	-	-	-
State Land Management	-	-	-
Total Conservation and Natural Resources	-	-	-
Council on the Arts			
Fine Arts	-	-	-
Total Council on the Arts	-	-	-
Counseling Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Counseling Examiners Board	-	-	-
Court of Civil Appeals			
Court Operations	3,797	3,643	154
Total Court of Civil Appeals	**3,797**	**3,643**	**154**
Court of Criminal Appeals			
Court Operations	4,056	3,752	304
Total Court of Criminal Appeals	**4,056**	**3,752**	**304**
Credit Union Administration			
Charter Licensure and Regulation Financial	-	-	-
Total Credit Union Administration	-	-	-

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	29	7	22
-	-	-	-	-	-	1,356	1,356	-
-	-	-	-	-	-	**1,385**	**1,363**	**22**
-	-	-	3,276	2,248	1,028	3,276	2,248	1,028
-	-	-	**3,276**	**2,248**	**1,028**	**3,276**	**2,248**	**1,028**
-	-	-	182	148	34	182	148	34
-	-	-	**182**	**148**	**34**	**182**	**148**	**34**
-	-	-	350	162	188	350	162	188
-	-	-	**350**	**162**	**188**	**350**	**162**	**188**
-	-	-	6,154	5,995	159	6,154	5,995	159
-	-	-	**6,154**	**5,995**	**159**	**6,154**	**5,995**	**159**
-	-	-	3,812	2,602	1,210	3,812	2,602	1,210
-	-	-	**3,812**	**2,602**	**1,210**	**3,812**	**2,602**	**1,210**
-	-	-	504	336	168	504	336	168
-	-	-	**504**	**336**	**168**	**504**	**336**	**168**
-	-	-	10	6	4	240	193	47
-	-	-	**10**	**6**	**4**	**240**	**193**	**47**
-	-	-	-	-	-	179	179	-
-	-	-	-	-	-	**179**	**179**	**-**
-	-	-	10,295	7,683	2,612	10,295	7,683	2,612
-	-	-	41,325	35,247	6,078	41,325	35,247	6,078
-	-	-	19,129	10,355	8,774	19,129	10,355	8,774
-	-	-	45,329	41,154	4,175	45,329	41,154	4,175
-	-	-	40,214	27,587	12,627	40,214	27,587	12,627
-	-	-	**156,292**	**122,026**	**34,266**	**156,292**	**122,026**	**34,266**
4,184	4,144	40	744	744	-	4,928	4,888	40
4,184	**4,144**	**40**	**744**	**744**	**-**	**4,928**	**4,888**	**40**
-	-	-	411	302	109	411	302	109
-	-	-	**411**	**302**	**109**	**411**	**302**	**109**
-	-	-	-	-	-	3,797	3,643	154
-	-	-	-	-	-	**3,797**	**3,643**	**154**
-	-	-	-	-	-	4,056	3,752	304
-	-	-	-	-	-	**4,056**	**3,752**	**304**
-	-	-	2,045	1,300	745	2,045	1,300	745
-	-	-	**2,045**	**1,300**	**745**	**2,045**	**1,300**	**745**

Continued on next page...

UNAUDITED DRAFT

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2016

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Crime Victims Compensation Commission			
Special Services	-	-	-
Total Crime Victims Compensation Commission	**-**	**-**	**-**
Debt Service and Reserve			
Debt Service	-	-	-
Debt Service: Alabama Incentives Finance Authority 2009-A Bonds	-	-	-
Debt Service: Alabama Incentives Finance Authority 2009-B Bonds	-	-	-
Debt Service: Alabama Incentives Finance Authority 2009-C Bonds	-	-	-
Debt Service: General Obligation 2006 Debt Service	3,003	3,003	-
Debt Service: General Obligation 2007-A Debt Service	8,583	8,583	-
Debt Service: General Obligation 2010-A Refunding Agriculture Development	-	-	-
Debt Service: General Obligation 2010-B Refunding Forensic Science	-	-	-
Debt Service: General Obligation 2010-C Refunding Parks Systems Bond	7,936	7,936	-
Debt Service: General Obligation 2010-D Bonds	2,528	2,528	-
Debt Service: General Obligation 2013-A Refunding Bond	-	-	-
Debt Service: General Obligation 2013-B Capital Improvement Bond	-	-	-
Debt Service: General Obligation 2013-C Refunding Bond	270	270	-
Debt Service: General Obligation 2014-A Refunding Bonds	4,817	4,817	-
Total Debt Service and Reserve	**27,137**	**27,137**	**-**
Dental Scholarships Awards Board			
Support - Other Educational Activities	-	-	-
Total Dental Scholarships Awards Board	**-**	**-**	**-**
Department of Commerce			
Industrial Development: Alabama Department Of Commerce	5,257	4,477	780
Industrial Training: Alabama Industrial Development Training/ Development Program	-	-	-
Industrial Training: Alabama Industrial Development Training/ Training Program	-	-	-
Industrial Training: Alabama Industrial Development/ Workforce Development	-	-	-
Industrial Training: Marketing Campaign Technical Education	-	-	-
Skills Enhancement/Employment Opportunities: Skills Enhancement	759	602	157
Total Department of Commerce	**6,016**	**5,079**	**937**
Dieteticians and Nutritionists Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Dieteticians and Nutritionists Examining Board	**-**	**-**	**-**
District Attorneys			
Court Operations	12,995	12,954	41
Total District Attorneys	**12,995**	**12,954**	**41**
Early Childhood Education			
Children's Policy Council	-	-	-
Social Services	-	-	-
Total Early Childhood Education	**-**	**-**	**-**
Educational Television Commission			
Educational Television	-	-	-
Total Educational Television Commission	**-**	**-**	**-**
Electrical Contractors Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Electrical Contractors Board	**-**	**-**	**-**
Electronic Security Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Electronic Security Board	**-**	**-**	**-**

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	4,238	2,334	1,904	4,238	2,334	1,904
-	**-**	**-**	**4,238**	**2,334**	**1,904**	**4,238**	**2,334**	**1,904**
-	-	-	66,542	66,542	-	66,542	66,542	-
210	210	-	-	-	-	210	210	-
1,477	1,477	-	-	-	-	1,477	1,477	-
1,446	1,446	-	-	-	-	1,446	1,446	-
-	-	-	-	-	-	3,003	3,003	-
909	909	-	6,532	6,532	-	16,024	16,024	-
4,921	4,921	-	-	-	-	4,921	4,921	-
1,525	1,525	-	-	-	-	1,525	1,525	-
-	-	-	-	-	-	7,936	7,936	-
6,397	6,397	-	-	-	-	8,925	8,925	-
4,296	4,296	-	8,523	8,523	-	12,819	12,819	-
-	-	-	2,524	1,524	1,000	2,524	1,524	1,000
-	-	-	-	-	-	270	270	-
503	503	-	3,546	3,546	-	8,866	8,866	-
21,684	**21,684**	**-**	**87,667**	**86,667**	**1,000**	**136,488**	**135,488**	**1,000**
191	191	-	-	-	-	191	191	-
191	**191**	**-**	**-**	**-**	**-**	**191**	**191**	**-**
-	-	-	552	161	391	5,809	4,638	1,171
6,440	6,440	-	-	-	-	6,440	6,440	-
4,713	4,713	-	-	-	-	4,713	4,713	-
41,871	41,871	-	-	-	-	41,871	41,871	-
500	500	-	-	-	-	500	500	-
-	-	-	42,091	39,005	3,086	42,850	39,607	3,243
53,524	**53,524**	**-**	**42,643**	**39,166**	**3,477**	**102,183**	**97,769**	**4,414**
-	-	-	150	139	11	150	139	11
-	**-**	**-**	**150**	**139**	**11**	**150**	**139**	**11**
-	-	-	14,129	14,126	3	27,124	27,080	44
-	**-**	**-**	**14,129**	**14,126**	**3**	**27,124**	**27,080**	**44**
-	-	-	1,113	114	999	1,113	114	999
50,509	50,406	103	38,025	28,737	9,288	88,534	79,143	9,391
50,509	**50,406**	**103**	**39,138**	**28,851**	**10,287**	**89,647**	**79,257**	**10,390**
6,205	6,192	13	653	373	280	6,858	6,565	293
6,205	**6,192**	**13**	**653**	**373**	**280**	**6,858**	**6,565**	**293**
-	-	-	925	611	314	925	611	314
-	**-**	**-**	**925**	**611**	**314**	**925**	**611**	**314**
-	-	-	384	345	39	384	345	39
-	**-**	**-**	**384**	**345**	**39**	**384**	**345**	**39**

Continued on next page...

UNAUDITED DRAFT

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2016

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Endowments			
Debt Service: Auburn University Endowment	-	-	-
Debt Service: Grove Hill Endowment	-	-	-
Debt Service: University Of Alabama Endowment	-	-	-
Total Endowments	-	-	-
Environmental Management			
Environmental Management	-	-	-
Total Environmental Management	-	-	-
ETF Direct Disbursements			
Financial Assistance: American Legion Scholarships	-	-	-
Total ETF Direct Disbursements	-	-	-
Ethics Commission			
Regulation of Public Officials and Employees	2,662	1,926	736
Total Ethics Commission	**2,662**	**1,926**	**736**
Finance - Teacher Unused Sick Leave			
Employee Benefits	-	-	-
Total Finance - Teacher Unused Sick Leave	-	-	-
Finance Special Appropriations			
Administration Service and Logistical Support: Removal Of Prisoners	794	664	130
Criminal Investigation: Arrest Of Absconding Felons	25	5	20
Executive Direction: Governor's Widow Retirement	6	-	6
Fiscal Management: Cash Management Improvement Act (CMIA)	95	5	90
Fiscal Management: Employee Suggestion Awards Program	28	-	28
Institutional Service Corrections: Feeding Of Prisoners	8,978	7,926	1,052
Legal Advice And Legal Service: Automatic Appeal Expense	16	-	16
Legal Advice And Legal Service: Court Assessed Cost Not Otherwise Provided	233	207	26
Legal Advice And Legal Service: Law Enforcement Legal Defense	1	-	1
Special Services: Court Assessed Cost Not Otherwise Provided	5,209	5,140	69
Special Services: Election Expenses	6,615	5,743	872
Special Services: Emergency Fund, Departmental	7,883	1,100	6,783
Special Services: Registration Of Voters	4,465	4,150	315
Total Finance Special Appropriations	**34,348**	**24,940**	**9,408**
Finance Special Funds			
Appropriation Transfers	-	-	-
Special Services	-	-	-
Total Finance Special Funds	-	-	-
Forensic Sciences			
Forensic Science Services	9,379	9,268	111
Total Forensic Sciences	**9,379**	**9,268**	**111**
Foresters Registration Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Foresters Registration Board	-	-	-
Forestry Commission			
Forest Resources Protection and Development	-	-	-
Total Forestry Commission	-	-	-
Forever Wild Land Trust			
Administrative Services	-	-	-
Total Forever Wild Land Trust	-	-	-
Fringe Benefit Accounts			
Fringe Benefits: Judicial Retirement - General Fund Share	2,648	2,648	-
Total Fringe Benefit Accounts	**2,648**	**2,648**	-

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
20	20	-	-	-	-	20	20	-
1	1	-	-	-	-	1	1	-
61	61	-	-	-	-	61	61	-
82	**82**	**-**	**-**	**-**	**-**	**82**	**82**	**-**
-	-	-	66,997	59,170	7,827	66,997	59,170	7,827
-	**-**	**-**	**66,997**	**59,170**	**7,827**	**66,997**	**59,170**	**7,827**
113	92	21	-	-	-	113	92	21
113	**92**	**21**	**-**	**-**	**-**	**113**	**92**	**21**
-	-	-	-	-	-	2,662	1,926	736
-	**-**	**-**	**-**	**-**	**-**	**2,662**	**1,926**	**736**
1,740	1,008	732	-	-	-	1,740	1,008	732
1,740	**1,008**	**732**	**-**	**-**	**-**	**1,740**	**1,008**	**732**
-	-	-	-	-	-	794	664	130
-	-	-	-	-	-	25	5	20
-	-	-	-	-	-	6	-	6
-	-	-	-	-	-	95	5	90
-	-	-	-	-	-	28	-	28
-	-	-	-	-	-	8,978	7,926	1,052
-	-	-	-	-	-	16	-	16
-	-	-	-	-	-	233	207	26
-	-	-	-	-	-	1	-	1
-	-	-	-	-	-	5,209	5,140	69
-	-	-	-	-	-	6,615	5,743	872
-	-	-	-	-	-	7,883	1,100	6,783
-	-	-	-	-	-	4,465	4,150	315
-	**-**	**-**	**-**	**-**	**-**	**34,348**	**24,940**	**9,408**
-	-	-	199,838	199,838	-	199,838	199,838	-
-	-	-	51,954	51,954	-	51,954	51,954	-
-	**-**	**-**	**251,792**	**251,792**	**-**	**251,792**	**251,792**	**-**
-	-	-	21,667	15,532	6,135	31,046	24,800	6,246
-	**-**	**-**	**21,667**	**15,532**	**6,135**	**31,046**	**24,800**	**6,246**
-	-	-	200	122	78	200	122	78
-	**-**	**-**	**200**	**122**	**78**	**200**	**122**	**78**
-	-	-	25,173	22,856	2,317	25,173	22,856	2,317
-	**-**	**-**	**25,173**	**22,856**	**2,317**	**25,173**	**22,856**	**2,317**
-	-	-	7,048	1,586	5,462	7,048	1,586	5,462
-	**-**	**-**	**7,048**	**1,586**	**5,462**	**7,048**	**1,586**	**5,462**
-	-	-	-	-	-	2,648	2,648	-
-	**-**	**-**	**-**	**-**	**-**	**2,648**	**2,648**	**-**

Continued on next page...

UNAUDITED DRAFT

	General Fund		
	Budget	**Actual**	**Variance**
Funeral Services Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Funeral Services Board	**-**	**-**	**-**
General Contractors Licensing Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total General Contractors Licensing Board	**-**	**-**	**-**
Geological Survey			
Mineral, Energy, and Water Resources	3,838	2,836	1,002
Total Geological Survey	**3,838**	**2,836**	**1,002**
Governor's Mansion Authority			
Historical Resources Management	-	-	-
Total Governor's Mansion Authority	**-**	**-**	**-**
Governor's Office on Disability			
Executive Direction	223	98	125
Total Governor's Office on Disability	**223**	**98**	**125**
Health Planning and Development			
Health Planning Development and Regulation	7	7	-
Total Health Planning and Development	**7**	**7**	**-**
Hearing Instrument Dealers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Hearing Instrument Dealers Board	**-**	**-**	**-**
Heating, Air Conditioning, and Refrigeration Contractors Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Heating, Air Conditioning, and Refrigeration Contractors Board	**-**	**-**	**-**
High School of Math and Science			
Financial Assistance	-	-	-
Total High School of Math and Science	**-**	**-**	**-**
Historical Commission			
Historical Resources Management: Capitol Preservation	-	-	-
Historical Resources Management: Confederate Park-Soldier Fund	-	-	-
Historical Resources Management: Historical Commission	-	-	-
Total Historical Commission	**-**	**-**	**-**
Home Builders Licensure Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Home Builders Licensure Board	**-**	**-**	**-**
Home Medical Equipment Services Provider Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Home Medical Equipment Services Provider Board	**-**	**-**	**-**
Indian Affairs Commission			
Social Services	92	72	20
Total Indian Affairs Commission	**92**	**72**	**20**
Insurance			
Regulatory Services	-	-	-
Total Insurance	**-**	**-**	**-**
Interior Design Registration Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Interior Design Registration Board	**-**	**-**	**-**
Interpreters and Transliterators			
Professional and Occupational Licensure and Regulation	-	-	-
Total Interpreters and Transliterators	**-**	**-**	**-**

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	534	399	135	534	399	135
-	**-**	**-**	**534**	**399**	**135**	**534**	**399**	**135**
-	-	-	2,350	1,364	986	2,350	1,364	986
-	**-**	**-**	**2,350**	**1,364**	**986**	**2,350**	**1,364**	**986**
500	500	-	4,096	1,068	3,028	8,434	4,404	4,030
500	**500**	**-**	**4,096**	**1,068**	**3,028**	**8,434**	**4,404**	**4,030**
-	-	-	552	501	51	552	501	51
-	**-**	**-**	**552**	**501**	**51**	**552**	**501**	**51**
-	-	-	25	-	25	248	98	150
-	**-**	**-**	**25**	**-**	**25**	**248**	**98**	**150**
-	-	-	1,780	1,173	607	1,787	1,180	607
-	**-**	**-**	**1,780**	**1,173**	**607**	**1,787**	**1,180**	**607**
-	-	-	54	39	15	54	39	15
-	**-**	**-**	**54**	**39**	**15**	**54**	**39**	**15**
-	-	-	1,500	1,157	343	1,500	1,157	343
-	**-**	**-**	**1,500**	**1,157**	**343**	**1,500**	**1,157**	**343**
6,367	6,363	4	473	16	457	6,840	6,379	461
6,367	**6,363**	**4**	**473**	**16**	**457**	**6,840**	**6,379**	**461**
-	-	-	211	201	10	211	201	10
-	-	-	610	461	149	610	461	149
-	-	-	5,386	4,803	583	5,386	4,803	583
-	**-**	**-**	**6,207**	**5,465**	**742**	**6,207**	**5,465**	**742**
-	-	-	4,176	1,919	2,257	4,176	1,919	2,257
-	**-**	**-**	**4,176**	**1,919**	**2,257**	**4,176**	**1,919**	**2,257**
-	-	-	450	159	291	450	159	291
-	**-**	**-**	**450**	**159**	**291**	**450**	**159**	**291**
-	-	-	421	119	302	513	191	322
-	**-**	**-**	**421**	**119**	**302**	**513**	**191**	**322**
-	-	-	17,845	12,893	4,952	17,845	12,893	4,952
-	**-**	**-**	**17,845**	**12,893**	**4,952**	**17,845**	**12,893**	**4,952**
-	-	-	50	41	9	50	41	9
-	**-**	**-**	**50**	**41**	**9**	**50**	**41**	**9**
-	-	-	50	28	22	50	28	22
-	**-**	**-**	**50**	**28**	**22**	**50**	**28**	**22**

Continued on next page...

UNAUDITED DRAFT

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2016

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Judicial Inquiry Commission			
Administrative Services	807	661	146
Total Judicial Inquiry Commission	**807**	**661**	**146**
Landscape Architect Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Landscape Architect Examining Board	**-**	**-**	**-**
Legislative Council			
Legislative Operations and Support	749	749	-
Total Legislative Council	**749**	**749**	**-**
Legislative Fiscal Office			
Legislative Operations and Support	3,321	1,213	2,108
Total Legislative Fiscal Office	**3,321**	**1,213**	**2,108**
Legislative Reference Service			
Legislative Operations and Support	-	-	-
Legislative Operations and Support: Legislative Reference Service	2,016	1,910	106
Total Legislative Reference Service	**2,016**	**1,910**	**106**
Lieutenant Governor			
Legislative Operations and Support	1,232	655	577
Total Lieutenant Governor	**1,232**	**655**	**577**
Liquefied Petroleum Gas Board			
Regulatory Services	-	-	-
Total Liquefied Petroleum Gas Board	**-**	**-**	**-**
Lyman Ward Military Academy			
Support - Other Educational Activities	-	-	-
Total Lyman Ward Military Academy	**-**	**-**	**-**
Manufactured Housing Commission			
Regulatory Services	-	-	-
Total Manufactured Housing Commission	**-**	**-**	**-**
Marine Environmental Sciences Consortium			
Support - Other Educational Activities	-	-	-
Total Marine Environmental Sciences Consortium	**-**	**-**	**-**
Marriage and Family Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Marriage and Family Therapy Board	**-**	**-**	**-**
Massage Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Massage Therapy Board	**-**	**-**	**-**
Medical Scholarships Awards Board			
Support - Other Educational Activities	-	-	-
Total Medical Scholarships Awards Board	**-**	**-**	**-**
Military			
Military Operations: Active Military Service	1,487	347	1,140
Military Operations: Air National Guard Operations and Maintenance	974	751	223
Military Operations: Counter Drug	-	-	-
Military Operations: Military Billeting	-	-	-
Military Operations: Operations	3,699	2,781	918
Military Operations: Operations and Maintenance	7,523	4,977	2,546
Military Operations: Quartering Allowance To Headquarters	1,051	1,051	-
Total Military	**14,734**	**9,907**	**4,827**

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	807	661	146
-	**-**	**-**	**-**	**-**	**-**	**807**	**661**	**146**
-	-	-	62	36	26	62	36	26
-	**-**	**-**	**62**	**36**	**26**	**62**	**36**	**26**
-	-	-	-	-	-	749	749	-
-	**-**	**-**	**-**	**-**	**-**	**749**	**749**	**-**
457	457	-	-	-	-	3,778	1,670	2,108
457	**457**	**-**	**-**	**-**	**-**	**3,778**	**1,670**	**2,108**
288	288	-	195	170	25	483	458	25
-	-	-	-	-	-	2,016	1,910	106
288	**288**	**-**	**195**	**170**	**25**	**2,499**	**2,368**	**131**
-	-	-	-	-	-	1,232	655	577
-	**-**	**-**	**-**	**-**	**-**	**1,232**	**655**	**577**
-	-	-	1,613	1,114	499	1,613	1,114	499
-	**-**	**-**	**1,613**	**1,114**	**499**	**1,613**	**1,114**	**499**
273	273	-	-	-	-	273	273	-
273	**273**	**-**	**-**	**-**	**-**	**273**	**273**	**-**
-	-	-	2,890	2,213	677	2,890	2,213	677
-	**-**	**-**	**2,890**	**2,213**	**677**	**2,890**	**2,213**	**677**
4,205	4,205	-	-	-	-	4,205	4,205	-
4,205	**4,205**	**-**	**-**	**-**	**-**	**4,205**	**4,205**	**-**
-	-	-	100	74	26	100	74	26
-	**-**	**-**	**100**	**74**	**26**	**100**	**74**	**26**
-	-	-	175	162	13	175	162	13
-	**-**	**-**	**175**	**162**	**13**	**175**	**162**	**13**
740	740	-	400	-	400	1,140	740	400
740	**740**	**-**	**400**	**-**	**400**	**1,140**	**740**	**400**
-	-	-	-	-	-	1,487	347	1,140
-	-	-	6,855	5,637	1,218	7,829	6,388	1,441
-	-	-	13	7	6	13	7	6
-	-	-	674	630	44	674	630	44
-	-	-	-	-	-	3,699	2,781	918
-	-	-	75,910	33,892	42,018	83,433	38,869	44,564
-	-	-	-	-	-	1,051	1,051	-
-	**-**	**-**	**83,452**	**40,166**	**43,286**	**98,186**	**50,073**	**48,113**

Continued on next page...

UNAUDITED DRAFT

	General Fund		
	Budget	**Actual**	**Variance**
Music Hall of Fame			
Fine Arts	-	-	-
Total Music Hall of Fame	**-**	**-**	**-**
Nursing Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Nursing Board	**-**	**-**	**-**
Nursing Home Administration Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Nursing Home Administration Examining Board	**-**	**-**	**-**
Occupational Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Occupational Therapy Board	**-**	**-**	**-**
Office of Information Technology			
Administrative Support Service	-	-	-
Total Office of Information Technology	**-**	**-**	**-**
Office of Prosecution Services			
Prosecution Training Education and Management	653	653	-
Total Office of Prosecution Services	**653**	**653**	**-**
Oil and Gas Board			
Management and Regulation of Oil and Gas Exploration/Develop	3,001	2,470	531
Total Oil and Gas Board	**3,001**	**2,470**	**531**
Optometric Scholarships Awards			
Support - Other Educational Activities	-	-	-
Total Optometric Scholarships Awards	**-**	**-**	**-**
Pardons and Paroles			
Administration of Pardons and Paroles	38,762	29,034	9,728
Total Pardons and Paroles	**38,762**	**29,034**	**9,728**
Peace Officer Annuity and Benefit			
Retirement Systems	-	-	-
Total Peace Officer Annuity and Benefit	**-**	**-**	**-**
Peace Officer Standards and Training			
Certified Law Enforcement Academy Program	-	-	-
Professional and Occupational Licensure and Regulation	-	-	-
Total Peace Officer Standards and Training	**-**	**-**	**-**
Personnel			
Administrative Support Service	-	-	-
Total Personnel	**-**	**-**	**-**
Physical Fitness Commission			
Advisory Services	-	-	-
Total Physical Fitness Commission	**-**	**-**	**-**
Physical Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Physical Therapy Board	**-**	**-**	**-**
Plumbers and Gas Fitters Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Plumbers and Gas Fitters Examining Board	**-**	**-**	**-**
Polygraph Examiners			
Professional and Occupational Licensure and Regulation	-	-	-
Total Polygraph Examiners	**-**	**-**	**-**

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	350	298	52	350	298	52
-	**-**	**-**	**350**	**298**	**52**	**350**	**298**	**52**
166	165	1	6,506	5,809	697	6,672	5,974	698
166	**165**	**1**	**6,506**	**5,809**	**697**	**6,672**	**5,974**	**698**
-	-	-	115	87	28	115	87	28
-	**-**	**-**	**115**	**87**	**28**	**115**	**87**	**28**
-	-	-	177	140	37	177	140	37
-	**-**	**-**	**177**	**140**	**37**	**177**	**140**	**37**
-	-	-	1,563	906	657	1,563	906	657
-	**-**	**-**	**1,563**	**906**	**657**	**1,563**	**906**	**657**
-	-	-	7,297	2,270	5,027	7,950	2,923	5,027
-	**-**	**-**	**7,297**	**2,270**	**5,027**	**7,950**	**2,923**	**5,027**
-	-	-	941	262	679	3,942	2,732	1,210
-	**-**	**-**	**941**	**262**	**679**	**3,942**	**2,732**	**1,210**
125	125	-	-	-	-	125	125	-
125	**125**	**-**	**-**	**-**	**-**	**125**	**125**	**-**
-	-	-	13,357	11,209	2,148	52,119	40,243	11,876
-	**-**	**-**	**13,357**	**11,209**	**2,148**	**52,119**	**40,243**	**11,876**
-	-	-	618	487	131	618	487	131
-	**-**	**-**	**618**	**487**	**131**	**618**	**487**	**131**
348	348	-	500	375	125	848	723	125
249	242	7	6,218	2,057	4,161	6,467	2,299	4,168
597	**590**	**7**	**6,718**	**2,432**	**4,286**	**7,315**	**3,022**	**4,293**
-	-	-	11,052	9,198	1,854	11,052	9,198	1,854
-	**-**	**-**	**11,052**	**9,198**	**1,854**	**11,052**	**9,198**	**1,854**
1,198	1,180	18	19	5	14	1,217	1,185	32
1,198	**1,180**	**18**	**19**	**5**	**14**	**1,217**	**1,185**	**32**
-	-	-	533	360	173	533	360	173
-	**-**	**-**	**533**	**360**	**173**	**533**	**360**	**173**
-	-	-	2,451	1,676	775	2,451	1,676	775
-	**-**	**-**	**2,451**	**1,676**	**775**	**2,451**	**1,676**	**775**
-	-	-	30	15	15	30	15	15
-	**-**	**-**	**30**	**15**	**15**	**30**	**15**	**15**

Continued on next page...

UNAUDITED DRAFT

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2016

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
President Pro Tempore Senate			
Legislative Operations and Support	1,492	1,013	479
Total President Pro Tempore Senate	**1,492**	**1,013**	**479**
Private Investigation Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Private Investigation Board	**-**	**-**	**-**
Professional Engineers Registration Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Professional Engineers Registration Board	**-**	**-**	**-**
Professional Geologists Licensing Board			
Mineral, Energy, and Water Resources	-	-	-
Total Professional Geologists Licensing Board	**-**	**-**	**-**
Psychology Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Psychology Examiners Board	**-**	**-**	**-**
Public Education Employees Health Insurance Board			
Administrative Support Service	-	-	-
Total Public Education Employees Health Insurance Board	**-**	**-**	**-**
Public Library Service			
Public Library Services	-	-	-
Total Public Library Service	**-**	**-**	**-**
Public Livestock Market Board			
Agricultural Development Services	-	-	-
Total Public Livestock Market Board	**-**	**-**	**-**
Real Estate Appraisers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Real Estate Appraisers Board	**-**	**-**	**-**
Real Estate Commission			
Professional and Occupational Licensure and Regulation	-	-	-
Total Real Estate Commission	**-**	**-**	**-**
Retirement Systems of Alabama			
Retirement Systems	-	-	-
Total Retirement Systems of Alabama	**-**	**-**	**-**
School of Fine Arts			
Financial Assistance	-	-	-
Total School of Fine Arts	**-**	**-**	**-**
Securities Commission			
Regulatory Services	-	-	-
Total Securities Commission	**-**	**-**	**-**
Senior Services			
Elderly Medication Program	1,803	1,790	13
Medicaid Waiver Services	22,724	20,992	1,732
Planning and Advocacy for Elderly	8,339	8,275	64
Total Senior Services	**32,866**	**31,057**	**1,809**
Serve Alabama			
Executive Direction	150	139	11
Total Serve Alabama	**150**	**139**	**11**
Sickle Cell Oversight Commission			
Support - Other Educational Activities	-	-	-
Total Sickle Cell Oversight Commission	**-**	**-**	**-**

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	1,492	1,013	479
-	**-**	**-**	**-**	**-**	**-**	**1,492**	**1,013**	**479**
-	-	-	80	79	1	80	79	1
-	**-**	**-**	**80**	**79**	**1**	**80**	**79**	**1**
-	-	-	1,762	1,170	592	1,762	1,170	592
-	**-**	**-**	**1,762**	**1,170**	**592**	**1,762**	**1,170**	**592**
-	-	-	75	58	17	75	58	17
-	**-**	**-**	**75**	**58**	**17**	**75**	**58**	**17**
-	-	-	503	271	232	503	271	232
-	**-**	**-**	**503**	**271**	**232**	**503**	**271**	**232**
-	-	-	5,679	4,483	1,196	5,679	4,483	1,196
-	**-**	**-**	**5,679**	**4,483**	**1,196**	**5,679**	**4,483**	**1,196**
7,043	7,027	16	3,043	2,717	326	10,086	9,744	342
7,043	**7,027**	**16**	**3,043**	**2,717**	**326**	**10,086**	**9,744**	**342**
-	-	-	3	1	2	3	1	2
-	**-**	**-**	**3**	**1**	**2**	**3**	**1**	**2**
-	-	-	1,013	793	220	1,013	793	220
-	**-**	**-**	**1,013**	**793**	**220**	**1,013**	**793**	**220**
-	-	-	5,931	3,795	2,136	5,931	3,795	2,136
-	**-**	**-**	**5,931**	**3,795**	**2,136**	**5,931**	**3,795**	**2,136**
-	-	-	70,431	54,780	15,651	70,431	54,780	15,651
-	**-**	**-**	**70,431**	**54,780**	**15,651**	**70,431**	**54,780**	**15,651**
7,003	7,003	-	-	-	-	7,003	7,003	-
7,003	**7,003**	**-**	**-**	**-**	**-**	**7,003**	**7,003**	**-**
-	-	-	10,872	7,384	3,488	10,872	7,384	3,488
-	**-**	**-**	**10,872**	**7,384**	**3,488**	**10,872**	**7,384**	**3,488**
-	-	-	-	-	-	1,803	1,790	13
-	-	-	86,311	73,974	12,337	109,035	94,966	14,069
-	-	-	34,667	26,216	8,451	43,006	34,491	8,515
-	**-**	**-**	**120,978**	**100,190**	**20,788**	**153,844**	**131,247**	**22,597**
350	342	8	4,918	1,942	2,976	5,418	2,423	2,995
350	**342**	**8**	**4,918**	**1,942**	**2,976**	**5,418**	**2,423**	**2,995**
1,320	1,311	9	-	-	-	1,320	1,311	9
1,320	**1,311**	**9**	**-**	**-**	**-**	**1,320**	**1,311**	**9**

Continued on next page...

UNAUDITED DRAFT

	General Fund		
	Budget	**Actual**	**Variance**
Social Work Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Social Work Examiners Board	**-**	**-**	**-**
Soil and Water Conservation Commission			
Professional and Occupational Licensure and Regulation	-	-	-
Resource Conservation and Development	2,684	2,684	-
Water Resource Development	2,715	2,427	288
Total Soil and Water Conservation Commission	**5,399**	**5,111**	**288**
Space Science Exhibit Commission and Finance Authority			
Special Services	-	-	-
Total Space Science Exhibit Commission and Finance Authority	**-**	**-**	**-**
Speaker of the House			
Speaker Of House, Office Of	2,660	891	1,769
Total Speaker of the House	**2,660**	**891**	**1,769**
Speech Pathologists and Audiologists Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Speech Pathologists and Audiologists Examining Board	**-**	**-**	**-**
State Bar Association			
Professional and Occupational Licensure and Regulation	-	-	-
Total State Bar Association	**-**	**-**	**-**
State Employees Insurance Board			
Administrative Support Service	-	-	-
Fringe Benefits	-	-	-
Total State Employees Insurance Board	**-**	**-**	**-**
State Executive Commission - Community Services			
Ala Community Service Grant: House Of Representatives	-	-	-
Ala Community Service Grant: Senate	-	-	-
Total State Executive Commission - Community Services	**-**	**-**	**-**
State Industrial Development Authority			
Industrial Development	-	-	-
Total State Industrial Development Authority	**-**	**-**	**-**
Supercomputer Authority			
Information Technology Services	-	-	-
Total Supercomputer Authority	**-**	**-**	**-**
Supreme Court			
Court Operations	11,206	9,775	1,431
Total Supreme Court	**11,206**	**9,775**	**1,431**
Supreme Court Law Library			
Court Operations	830	781	49
Total Supreme Court Law Library	**830**	**781**	**49**
Surface Mining Commission			
Industrial Safety and Accident Prevention	-	-	-
Total Surface Mining Commission	**-**	**-**	**-**
Tax Tribunal			
Administrative Services	-	-	-
Total Tax Tribunal	**-**	**-**	**-**
Tennessee - Tombigbee Waterway Authority			
Water Resource Development	95	95	-
Total Tennessee - Tombigbee Waterway Authority	**95**	**95**	**-**

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	411	320	91	411	320	91
-	-	-	**411**	**320**	**91**	**411**	**320**	**91**
-	-	-	5	1	4	5	1	4
-	-	-	-	-	-	2,684	2,684	-
-	-	-	2,036	1,510	526	4,751	3,937	814
-	-	-	**2,041**	**1,511**	**530**	**7,440**	**6,622**	**818**
850	850	-	-	-	-	850	850	-
850	**850**	-	-	-	-	**850**	**850**	-
-	-	-	-	-	-	2,660	891	1,769
-	-	-	-	-	-	**2,660**	**891**	**1,769**
-	-	-	296	241	55	296	241	55
-	-	-	**296**	**241**	**55**	**296**	**241**	**55**
-	-	-	6,700	5,401	1,299	6,700	5,401	1,299
-	-	-	**6,700**	**5,401**	**1,299**	**6,700**	**5,401**	**1,299**
-	-	-	8,081	5,265	2,816	8,081	5,265	2,816
-	-	-	1,676	1,676	-	1,676	1,676	-
-	-	-	**9,757**	**6,941**	**2,816**	**9,757**	**6,941**	**2,816**
1,500	1,500	-	-	-	-	1,500	1,500	-
1,500	1,500	-	-	-	-	1,500	1,500	-
3,000	**3,000**	-	-	-	-	**3,000**	**3,000**	-
-	-	-	2,350	1,146	1,204	2,350	1,146	1,204
-	-	-	**2,350**	**1,146**	**1,204**	**2,350**	**1,146**	**1,204**
-	-	-	16,477	12,944	3,533	16,477	12,944	3,533
-	-	-	**16,477**	**12,944**	**3,533**	**16,477**	**12,944**	**3,533**
-	-	-	-	-	-	11,206	9,775	1,431
-	-	-	-	-	-	**11,206**	**9,775**	**1,431**
250	221	29	-	-	-	1,080	1,002	78
250	**221**	**29**	-	-	-	**1,080**	**1,002**	**78**
-	-	-	5,171	2,907	2,264	5,171	2,907	2,264
-	-	-	**5,171**	**2,907**	**2,264**	**5,171**	**2,907**	**2,264**
-	-	-	484	466	18	484	466	18
-	-	-	**484**	**466**	**18**	**484**	**466**	**18**
-	-	-	-	-	-	95	95	-
-	-	-	-	-	-	**95**	**95**	-

UNAUDITED DRAFT

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2016

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Tourism			
Tourism and Travel Promotion	698	580	118
Total Tourism	**698**	**580**	**118**
Veterans Affairs			
Administration of Veterans Affairs	1,787	1,192	595
Student Financial Aid	-	-	-
Veterans Cemetery	-	-	-
Veterans Homes	-	-	-
Total Veterans Affairs	**1,787**	**1,192**	**595**
Veterinarian Medical Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Veterinarian Medical Examiners Board	**-**	**-**	**-**
Women's Commission			
Employment and Social Opportunities	9	-	9
Total Women's Commission	**9**	**-**	**9**
TOTAL Other	**233,687**	**195,987**	**37,700**
TOTAL EXPENDITURES	**$ 1,631,345**	**$ 1,521,478**	**$ 109,867**
TRANSFERS OUT:			
Education Trust Fund Transfers			
Advancement in Tech Fund Transfer	-	-	-
Budget Stabilization Transfer	-	-	-
Child Abuse Board	-	-	-
Historical Commission	-	-	-
Human Resources	-	-	-
Mental Health	-	-	-
Public School Fund Endowment	-	-	-
Real Property Management	-	-	-
State Department of Education- Science in Motion	-	-	-
State Law Enforcement	-	-	-
Supercomputer Authority	-	-	-
TOTAL Education Trust Fund Transfers	-	-	-
General Fund Transfers			
Agriculture and Conservation Development Commission	238	238	-
Alabama Department of Environmental Management-Operations	280	280	-
Child Abuse Board	80	80	-
Crime Victims Compensation Commission	95	95	-
District Attorney	14,129	14,129	-
Emergency Forest Fire Fund	170	170	-
Fair Trial Tax Transfer	62,800	62,800	-
Finance Department	4,973	4,973	-
Forestry Commission	7,043	7,043	-
Governor's Mansion Authority	135	135	-
Historical Commission	1,640	1,640	-
Human Resources	58,709	58,709	-
Local Emergency Management Agency Assistance	218	218	-
Mental Health	106,071	106,071	-
Revenue Department	250	250	-
State Law Enforcement	44,737	44,737	-
Surface Mining Commission	155	155	-
TOTAL General Fund Transfers	**301,723**	**301,723**	**-**

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	17,164	15,003	2,161	17,862	15,583	2,279
-	-	-	**17,164**	**15,003**	**2,161**	**17,862**	**15,583**	**2,279**
2,497	2,495	2	10,745	2,411	8,334	15,029	6,098	8,931
55,811	55,810	1	-	-	-	55,811	55,810	1
-	-	-	694	399	295	694	399	295
-	-	-	93,598	53,293	40,305	93,598	53,293	40,305
58,308	**58,305**	**3**	**105,037**	**56,103**	**48,934**	**165,132**	**115,600**	**49,532**
-	-	-	643	476	167	643	476	167
-	-	-	**643**	**476**	**167**	**643**	**476**	**167**
-	-	-	18	11	7	27	11	16
-	-	-	**18**	**11**	**7**	**27**	**11**	**16**
237,558	**236,544**	**1,014**	**1,417,331**	**1,139,176**	**278,155**	**1,888,576**	**1,571,707**	**316,869**
$ 5,874,959	**$ 5,869,942**	**$ 5,017**	**$16,583,090**	**$14,132,558**	**$ 2,450,532**	**$24,089,394**	**$21,523,978**	**$ 2,565,416**
21,810	21,810	-	-	-	-	21,810	21,810	-
118,306	118,306	-	-	-	-	118,306	118,306	-
527	527	-	-	-	-	527	527	-
300	300	-	-	-	-	300	300	-
27,540	27,540	-	-	-	-	27,540	27,540	-
44,327	44,327	-	-	-	-	44,327	44,327	-
533	533	-	-	-	-	533	533	-
510	510	-	-	-	-	510	510	-
1,584	1,584	-	-	-	-	1,584	1,584	-
430	430	-	-	-	-	430	430	-
8,817	8,817	-	-	-	-	8,817	8,817	-
224,684	**224,684**	**-**	**-**	**-**	**-**	**224,684**	**224,684**	**-**
-	-	-	-	-	-	238	238	-
-	-	-	-	-	-	280	280	-
-	-	-	-	-	-	80	80	-
-	-	-	-	-	-	95	95	-
-	-	-	-	-	-	14,129	14,129	-
-	-	-	-	-	-	170	170	-
-	-	-	-	-	-	62,800	62,800	-
-	-	-	-	-	-	4,973	4,973	-
-	-	-	-	-	-	7,043	7,043	-
-	-	-	-	-	-	135	135	-
-	-	-	-	-	-	1,640	1,640	-
-	-	-	-	-	-	58,709	58,709	-
-	-	-	-	-	-	218	218	-
-	-	-	-	-	-	106,071	106,071	-
-	-	-	-	-	-	250	250	-
-	-	-	-	-	-	44,737	44,737	-
-	-	-	-	-	-	155	155	-
-	-	-	-	-	-	**301,723**	**301,723**	**-**

Continued on next page...

UNAUDITED DRAFT

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2016

(Amounts in Thousands)

	General Fund		
	Budget	Actual	Variance
TOTAL TRANSFERS OUT	**$ 301,723**	**$ 301,723**	**$ -**
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ 1,933,068**	**$ 1,823,201**	**$ 109,867**

UNAUDITED DRAFT

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
$ 224,684	$ 224,684	$ -	$ -	$ -	$ -	$ 526,407	$ 526,407	$ -
$ 6,099,643	$ 6,094,626	$ 5,017	$16,583,090	$14,132,558	$ 2,450,532	$24,615,801	$22,050,385	$ 2,565,416

UNAUDITED DRAFT

STATE OF ALABAMA

SCHEDULE OF REVENUES BY PRINCIPAL SOURCES
Governmental Funds in State Treasury - Cash Basis, Transfers Excluded
For the Fiscal Year Ended September 30, 2016

(Amounts in Thousands)

TAXES		
General Sales Tax (4% on gross retail sale of merchandise)	$ 2,252,164	11.0%
General Use Tax	360,365	1.7%
Income Tax (2% to 5% personal income, 6.5% net corporate income)	3,721,177	18.0%
Property Tax Relief (represents portion of Income Tax used to offset property taxes lost in certain funds due to homestead exemptions)	50,384	0.2%
General Property Tax (6 1/2 mills for state on varying rates not over 30%)	342,628	1.7%
Gasoline Taxes (16¢ per gallon; 3¢ aviation; 1¢ jet)	391,203	1.9%
Utilities Tax (6% telephone, 4% other)	391,538	1.9%
Insurance Premium Tax (1% to 6%)	316,453	1.5%
Liquor & Wine Tax (totals 56%, collected by ABC stores)	128,071	0.6%
Tobacco & Cigarette Taxes (21.25 mills per cigarette; varying amounts on cigars, smoking tobacco, snuff, etc.)	189,480	0.9%
Corporation Taxes (privilege, 25¢ to $1.75 per $1,000 net worth; permit, entrance fees for filing)	88,923	0.4%
State Beer Tax (5¢ per 12 oz.)	57,273	0.3%
Public Utilities (2.2%)	157,416	0.8%
Motor Fuel Tax (diesel 17¢ per gallon)	135,589	0.7%
Tennessee Valley Authority (payments in-lieu of all state taxes)	95,014	0.5%
Leasing / Renting Tangible Personal Property - (4% most items, 1.5% vehicles, 2% garments)	76,634	0.4%
Production Privilege Tax (Oil & Gas Severance at amounts varying 2-8%)	38,101	0.2%
Financial Institutions Excise Tax (6.5% of net income of banks and other financial institutions)	43,435	0.2%
Documentary Filing Taxes (auto title, deed, mortgage, securities, etc)	70,487	0.3%
Coal Severance Tax (33.5¢ per ton)	3,124	0.0%
Forestry Severance Tax	5,822	0.0%
Contractors Gross Receipts Tax (5% of gross receipts)	42,924	0.2%
Lodgings Tax (4% or 5% of charge)	64,883	0.3%
Hydroelectric Companies (tax on 2/5 mill per kilowatt hour and 2.2% per dollar gross receipts)	1,212	0.0%
Lubricating Oil Tax (6¢ per gallon)	1,585	0.0%
Pari-mutuel Betting (1 or 2% on pari-mutuel pools)	1,401	0.0%
Court Cost Taxes	22,138	0.1%
Medicaid Taxes	391,540	1.9%
Cellular Telephones (6%)	50,447	0.2%
Ground Materials Severance Tax	16	0.0%
Miscellaneous Taxes	18,080	0.1%
TOTAL TAXES	**9,509,507**	**45.8%**

UNAUDITED DRAFT

LICENSES AND FEES		
Conservation Licenses (fishing, hunting, boat registration, etc)	26,229	0.1%
Drivers Licenses and Fees	67,906	0.3%
Petroleum Products Inspection Fees (.00025¢ to 15¢ per gallon)	68,106	0.3%
Agricultural Licenses and Fees	17,004	0.1%
Wholesale Oil Company License	8,027	0.0%
Motor Vehicle License ($23.00 on auto; up to $845.00 on trucks and up to $210.00 on buses)	170,118	0.8%
Privilege License (fees for privilege of operating stores, factories, professions, businesses, etc)	113,405	0.5%
Court Fees	72,804	0.4%
Alcoholic Beverage Licenses	2,640	0.0%
Insurance Corporation Licenses and Fees	1,398	0.0%
Miscellaneous License and Fees	299,695	1.4%
TOTAL LICENSES AND FEES	**847,332**	**4.1%**
FINES AND FORFEITS		
Court Fines and Forfeits	21,639	0.1%
Tobacco Settlement	91,154	0.4%
Miscellaneous Fines and Forfeits	101,177	0.5%
TOTAL FINES AND FORFEITS	**213,970**	**1.0%**
INVESTMENT INCOME	**158,815**	**0.8%**
FEDERAL REVENUES	**8,689,109**	**41.9%**
OTHER REVENUES		
Rents and Royalties	64,214	0.3%
Reimbursements	96,746	0.5%
Sales of Property or Services	79,416	0.4%
Contributions	95,844	0.5%
Intragovernmental Services	277,943	1.3%
Local Revenues	86,108	0.4%
Medicaid CPE/IGT Revenues	378,176	1.8%
Miscellaneous Revenues	247,244	1.2%
TOTAL OTHER REVENUES	**1,325,691**	**6.3%**
TOTAL REVENUES	**$20,744,424**	**99.9%**

UNAUDITED DRAFT

SCHEDULE OF REVENUES BY PRINCIPAL SOURCES AND DISTRIBUTIONS OF REVENUES
Governmental Funds in State Treasury - Cash Basis, Transfers Excluded

For the Fiscal Year Ended September 30, 2016

(Amounts in Thousands)

	Total Revenues	Admin-istrative Expense	Net Revenues	Human Resources Funds	General Fund	Public School Fund	Education Trust Fund	Alabama Trust Fund
TAXES								
General Sales Tax	$ 2,252,164	$ 61,445	$ 2,190,719	$ 65,526	$ 117,577	$ 0	$ 1,794,465	$ 0
General Use Tax	360,365	4,073	356,292	500	197,692	-	157,068	-
Income Tax	3,721,177	49,047	3,672,130	-	-	-	3,672,130	-
Property Tax Relief	50,384	-	50,384	7,441	20,619	22,324	-	-
General Property Tax	342,628	3,851	338,777	50,861	130,231	157,685	-	-
Gasoline Taxes	391,203	12,672	378,531	-	-	-	-	-
Utilities Tax	391,538	313	391,225	-	-	-	376,625	-
Insurance Premium Tax	316,453	-	316,453	-	280,199	-	30,993	-
Liquor & Wine Tax	128,071	-	128,071	45,933	64,043	-	-	-
Tobacco & Cigarette Taxes	189,480	441	189,039	2,698	173,486	-	-	-
Corporation Taxes	88,923	-	88,923	-	50,300	-	-	-
State Beer Tax	57,273	-	57,273	11,455	17,182	-	22,909	-
Public Utilities	157,416	-	157,416	-	24,170	-	-	-
Motor Fuel Tax	135,589	1,360	134,229	-	-	-	-	-
Tennessee Valley Authority	95,014	-	95,014	-	-	-	-	-
Leasing/Renting Personal Property	76,634	-	76,634	-	76,634	-	-	-
Production Privilege Tax	38,101	-	38,101	-	29,482	-	-	-
Financial Institutions Excise Tax	43,435	131	43,304	-	22,246	-	-	-
Documentary Filing Taxes	70,487	247	70,240	-	70,240	-	-	-
Coal Severance Tax	3,124	-	3,124	-	-	-	-	-
Forestry Severance Tax	5,822	291	5,531	-	-	-	-	-
Contractors Gross Receipts Tax	42,924	37	42,887	6,423	-	-	-	-
Lodgings Tax	64,883	39	64,844	-	46,870	-	-	-
Hydroelectric Companies	1,212	-	1,212	-	-	-	509	-
Lubricating Oil Tax	1,585	13	1,572	-	528	-	-	-
Pari-mutuel Betting	1,401	-	1,401	-	1,401	-	-	-
Court Cost Taxes	22,138	-	22,138	-	6,648	-	-	-
Medicaid Provider Taxes	391,540	224	391,316	-	-	-	-	-
Cellular Telephone Tax	50,447	-	50,447	-	30,901	-	17,700	-
Ground Materials Severance Tax	16	-	16	-	-	-	-	-
Miscellaneous Taxes	18,080	317	17,763	1	4,431	4	-	-
TOTAL TAXES	**9,509,507**	**134,501**	**9,375,006**	**190,838**	**1,364,880**	**180,013**	**6,072,399**	**0**
LICENSES AND FEES								
Conservation Licenses	26,229	-	26,229	-	-	-	-	-
Drivers Licenses and Fees	67,906	-	67,906	-	34,147	-	-	-
Petroleum Products Inspection Fee	68,106	-	68,106	-	-	-	-	-
Agricultural License and Fees	17,004	-	17,004	-	-	14	-	-
Wholesale Oil Company License	8,027	-	8,027	-	8,027	-	-	-
Motor Vehicle License	170,118	4,826	165,292	-	44,210	-	-	-
Privilege License	113,405	1,796	111,609	-	17,624	-	95	-
Court Fees	72,804	-	72,804	-	41,057	-	-	-
Alcoholic Beverage Licenses	2,640	-	2,640	-	2,640	-	-	-
Insurance Corp Licenses and Fees	1,398	-	1,398	-	601	-	-	-
Miscellaneous License and Fees	299,695	607	299,088	213	10,008	-	36	-
TOTAL LICENSES AND FEES	**847,332**	**7,229**	**840,103**	**213**	**158,314**	**14**	**131**	**0**
FINES AND FORFEITS								
Court Fines and Forfeits	21,639	-	21,639	-	13,937	-	-	-
Tobacco Settlement	91,154	-	91,154	-	1	-	-	-
Miscellaneous Fines and Forfeits	101,177	-	101,177	-	70,713	-	-	-
TOTAL FINES AND FORFEITS	**213,970**	**-**	**213,970**	**0**	**84,651**	**-**	**0**	**0**
INVESTMENT INCOME	**158,815**	**-**	**158,815**	**-**	**9,774**	**-**	**-**	**125,844**
FEDERAL REVENUES	**8,689,109**	**-**	**8,689,109**	**1,575,359**	**-**	**-**	**-**	**-**
Medicaid CPE/IGT Revenues	378,176	-	378,176	-	-	-	-	-
Miscellaneous Revenues	947,513	6,715	940,798	23,805	2,661	255	(357)	43,286
TOTAL REVENUES	**$ 20,744,422**	**$ 148,445**	**$ 20,595,977**	**$ 1,790,215**	**$ 1,620,280**	**$ 180,282**	**$ 6,072,173**	**$ 169,130**

UNAUDITED DRAFT

Distributed To Local Government	Debt Service Funds	Medicaid	Transportation Department	Health General & Mental	Education Department	Economic & Community Affairs	Other	Distribution of Other Amounts
$ 5,321	$ 202,833	$ 0	$ 0	$ 0	$ 0	$ 0	$ 4,997	State Parks
-	-	-	-	-	-	-	1,032	Conservation Dept.
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
168,046	-	-	205,448	-	-	-	5,037	Conservation 3M
-	-	-	-	14,600	-	-	-	
-	-	-	-	4,525	-	-	736	Insurance Dept
-	-	-	-	18,095	-	-	-	
715	1,800	-	-	7,642	-	-	2,698	State Parks
38,623	-	-	-	-	-	-	-	
5,727	-	-	-	-	-	-	-	
-	-	-	-	133,246	-	-	-	
2,382	-	-	131,847	-	-	-	-	
78,862	-	-	-	-	-	-	16,152	Incentives Fin Auth
-	-	-	-	-	-	-	-	
8,619	-	-	-	-	-	-	-	
21,058	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
1,855	-	-	-	-	-	-	1,269	
-	-	-	-	-	-	-	5,531	Forestry
-	-	-	-	36,464	-	-	-	
2,351	-	-	-	-	-	-	15,623	Tourism
-	-	-	-	703	-	-	-	
574	-	-	470	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	2,132	-	13,358	Fair Trial Fd 12.2M
-	-	391,316	-	-	-	-	-	
-	1,846	-	-	-	-	-	-	
16	-	-	-	-	-	-	-	
-	-	-	42	-	-	-	13,285	Labor 4.2M; ADEM 6.3M
334,149	**206,479**	**391,316**	**337,807**	**215,275**	**2,132**	**0**	**79,718**	
-	-	-	-	-	-	-	26,229	Conservation
1,150	-	-	-	-	-	-	32,609	Public Safety
8,700	-	-	53,911	-	-	-	5,495	Agriculture
-	-	-	-	-	5	-	16,985	Agriculture
-	-	-	-	-	-	-	-	
22,474	-	-	94,410	-	-	-	4,198	Corrections 3.1M
-	-	-	3,795	4,032	852	1,414	83,797	Prof & Occup Boards 30M
-	-	-	-	105	-	-	31,642	AOC 21M; DFS 8.7M
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	797	Insurance Dept
-	-	43	1,530	37,637	-	14	249,607	ADEM 60M; PSC 17; Parole 12.5M
32,324	**0**	**43**	**153,646**	**41,774**	**857**	**1,428**	**451,359**	
-	-	-	-	75	-	1,272	6,355	DFS 2.2M; DOC 1.9M
-	-	-	-	-	-	-	91,153	21st Century Fund
1	-	3,877	-	3	-	-	26,583	Atty Gen 8.9M
1	**0**	**3,877**	**0**	**78**	**0**	**1,272**	**124,091**	
-	**58**	**17**	**562**	**-**	**-**	**-**	**22,560**	Co & City CITF 26.1M
1,641	**4,502**	**4,371,000**	**855,654**	**417,783**	**919,164**	**127,635**	**416,371**	EMA 55;DRS 68;DOL 51;Mil 61
-	-	378,176	-	-	-	-	-	
2	11,063	183,721	262,705	22,567	31,309	3,361	356,420	Cons 130 Uncl Prop 42 DOC 24M
$ 368,117	**$ 222,102**	**$ 5,328,150**	**$ 1,610,374**	**$ 697,477**	**$ 953,462**	**$ 133,696**	**$ 1,450,519**	

UNAUDITED DRAFT

UNAUDITED DRAFT

Nonmajor Enterprise Funds

Nonmajor Enterprise Funds are used to account for the operations of State funds that provide goods and services to external users in a manner similar to private business enterprises. The cost of providing the goods or services are recovered primarily through user charges.

State Insurance Fund

Accounts for resources used to provide insurance coverage for State buildings, school buildings, and their contents.

Fire College and Personnel Standards Commission

Develops and delivers training courses and administers the process of fire service certification in the state.

Alabama Health Insurance Plan

Provides health insurance coverage for citizens who have lost their group health insurance.

Motor Sports Hall Of Fame

Operates a public exhibit displaying the history of automotive racing and other motor sports.

Corrections Canteen

Accounts for the activity of the canteen funds of the Department of Corrections.

Military Department

Accounts for the Military Department's billeting activity and the canteen funds for the National Guard.

UNAUDITED DRAFT

COMBINING STATEMENT OF NET POSITION
Nonmajor Enterprise Funds

September 30, 2016
(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 2,774	$ 1,974	$ 1,052	$ 77	$ 991
Investments, Short-term	3,244	1,313	-	-	-
Due From Other Funds	988	-	-	-	-
Accounts Receivable	226	1,014	-	5	162
Inventory	-	125	-	-	945
Other Current Assets	9,612	-	-	-	-
Total Current Assets	**16,844**	**4,426**	**1,052**	**82**	**2,098**
Noncurrent Assets					
Investments, Long-term	95,578	3,132	-	-	-
Due From Other Funds	9,287	-	-	-	-
Due From Component Units	10	-	-	-	-
Other Noncurrent Assets	-	21	-	-	-
Capital Assets, Net of Accumulated Depreciation	-	8,240	-	409	-
Capital Assets Not Depreciated	-	12	-	2,630	-
Total Noncurrent Assets	**104,875**	**11,405**	**0**	**3,039**	**0**
TOTAL ASSETS	**121,719**	**15,831**	**1,052**	**3,121**	**2,098**
DEFERRED OUTFLOWS OF RESOURCES	**0**	**535**	**0**	**14**	**0**
LIABILITIES					
Current Liabilities					
Warrants Payable	38	-	-	-	-
Due To Other Funds	1	-	-	-	953
Accounts Payable	102	1,023	-	15	135
Due To Other Governments	-	-	-	-	-
Claims Payable	6,952	-	1	-	-
Unearned Revenue	-	135	-	-	-
Compensated Absences	-	47	-	-	-
Total Current Liabilities	**7,093**	**1,205**	**1**	**15**	**1,088**
Noncurrent Liabilities					
Claims Payable	224	-	-	-	-
Compensated Absences	-	225	-	-	-
Other Post-employment Benefits	-	-	-	37	-
Net Pension Liability	-	3,950	-	80	-
Notes and Capital Leases Payable	-	-	-	1,313	-
Total Noncurent Liabilities	**224**	**4,175**	**0**	**1,430**	**0**
TOTAL LIABILITIES	**7,317**	**5,380**	**1**	**1,445**	**1,088**
DEFERRED INFLOWS OF RESOURCES	**0**	**166**	**0**	**0**	**0**
NET POSITION					
Net Investment in Capital Assets	-	8,252	-	1,726	-
Restricted for:					
Education	-	2,034	-	-	-
Health	-	-	1,051	-	-
Unrestricted	114,402	534	-	(36)	1,010
TOTAL NET POSITION	**$ 114,402**	**$ 10,820**	**$ 1,051**	**$ 1,690**	**$ 1,010**

UNAUDITED DRAFT

Military Department	Totals
$ 1,886	$ 8,754
-	4,557
69	1,057
7	1,414
227	1,297
-	9,612
2,189	**26,691**
-	98,710
-	9,287
-	10
-	21
1,051	9,700
-	2,642
1,051	**120,370**
3,240	**147,061**
20	**569**
-	38
-	954
118	1,393
4	4
-	6,953
-	135
1	48
123	**9,525**
-	224
13	238
238	275
167	4,197
-	1,313
418	**6,247**
541	**15,772**
3	**169**
1,051	11,029
-	2,034
-	1,051
1,665	117,575
$ 2,716	**$ 131,689**

UNAUDITED DRAFT

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen
OPERATING REVENUES					
Charges for Goods and Services	$ 0	$ 2,708	$ 0	$ 0	$ 28,829
Premiums and Contributions	50,313	-	-	-	-
Rents and Leases	-	-	-	143	-
Total Operating Revenues	**50,313**	**2,708**	**0**	**143**	**28,829**
OPERATING EXPENSES					
Salaries, Wages, and Benefits	-	4,966	-	97	-
Utilities and Communications	-	102	-	-	-
Professional Services	3,031	-	-	4	-
Supplies, Materials, and Operating Expense	21,171	2,283	-	5	16,543
Depreciation	-	549	-	587	-
Claims and Benefits	10,515	-	5	-	-
Other	283	-	-	4	-
Total Operating Expenses	**35,000**	**7,900**	**5**	**697**	**16,543**
Operating Income (Loss)	**15,313**	**(5,192)**	**(5)**	**(554)**	**12,286**
NONOPERATING REVENUES (EXPENSES)					
Grants	-	1,679	-	1	-
Investment Income	5,791	56	-	-	-
Other Nonoperating Revenues	-	11	53	210	-
Interest Expense	-	-	-	(64)	-
Other Nonoperating Expenses	(538)	(2)	-	-	(2)
Total Nonoperating Revenues (Expenses)	**5,253**	**1,744**	**53**	**147**	**(2)**
Income (Loss) Before Contributions and Transfers	**20,566**	**(3,448)**	**48**	**(407)**	**12,284**
Transfers In	-	3,983	-	-	-
Transfers Out	-	-	-	-	(12,224)
Increase (Decrease) in Net Position	**20,566**	**535**	**48**	**(407)**	**60**
Total Net Position, October 1, 2015, as Restated	93,836	10,285	1,003	2,097	950
Total Net Position, September 30, 2016	**$ 114,402**	**$ 10,820**	**$ 1,051**	**$ 1,690**	**$ 1,010**

UNAUDITED DRAFT

Military Department	Totals
$ 7,596	$ 39,133
-	50,313
563	706
8,159	**90,152**
222	5,285
148	250
11	3,046
7,750	47,752
72	1,208
-	10,520
2	289
8,205	**68,350**
(46)	**21,802**
6	1,686
15	5,862
1	275
-	(64)
-	(542)
22	**7,217**
(24)	**29,019**
-	3,983
(8)	(12,232)
(32)	**20,770**
2,748	110,919
$ 2,716	**$ 131,689**

UNAUDITED DRAFT

COMBINING STATEMENT OF CASH FLOWS
Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen
Cash Flows from Operating Activities:					
Receipts from Customer & User Charges	$ 44,399	$ 1,138	$ 0	$ 149	$ 28,964
Receipts from Interfund Services	6,472	-	-	-	-
Receipts from Operating Grants	-	964	-	-	-
Receipts from Other Operating Activities	177	789	401	210	-
Payments for Goods Held for Resale	-	-	-	-	(16,586)
Payments for Other Goods & Services	(20,980)	(2,071)	-	(24)	-
Payments for Employees Services	-	(4,662)	-	(93)	-
Payments for Interfund Services	(2,931)	-	-	-	-
Payments for Other Operating Activities	(40)	-	(54)	-	-
Payments for Claims	(10,281)	-	-	-	-
Net Cash Provided by (Used In) Operating Activities	**16,816**	**(3,842)**	**347**	**242**	**12,378**
Cash Flows from Noncapital Financing Activities:					
Receipts from Noncapital Financing Grants & Donations	-	11	-	-	-
Transfers from Other Funds for Noncapital Financing	-	3,983	-	-	-
Payments for Noncapital Financing Grants & Donations	-	(2)	-	(5)	-
Transfers to Other Funds for Noncapital Financing	(10,283)	-	-	-	(12,272)
Net Cash Provided By (Used In) Noncapital Financing Activities	**(10,283)**	**3,992**	**0**	**(5)**	**(12,272)**
Cash Flows From Capital & Related Financing Activities:					
Receipts from Capital Grants & Contributions	-	715	-	-	-
Payments to Acquire, Construct, & Improve Capital Assets	-	(976)	-	-	-
Principal Paid on Revenue Bonds & Other Capital Debt	-	-	-	(98)	-
Interest Paid on Revenue Bonds & Other Capital Debt	-	-	-	(64)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	**0**	**(261)**	**0**	**(162)**	**0**
Cash Flows From Investing Activities					
Receipts from Sales & Maturities of Investments	5,500	-	-	-	-
Receipts from Interest & Dividends on Investments & Loans	1,789	56	-	-	-
Purchase of Investments	(27,500)	(55)	-	-	-
Net Cash Provided By (Used In) Investing Activities	**(20,211)**	**1**	**0**	**0**	**0**
Net Increase (Decrease) In Cash and Cash Equivalents	**(13,678)**	**(110)**	**347**	**75**	**106**
Cash Balance as Restated, October 1, 2015	16,414	2,084	705	2	885
Cash Balance, September 30, 2016	**2,736**	**1,974**	**1,052**	**77**	**991**
Add: Warrants Payable	38	-	-	-	-
Cash and Cash Equivalents, as Reported on Balance Sheet	**$ 2,774**	**$ 1,974**	**$ 1,052**	**$ 77**	**$ 991**

UNAUDITED DRAFT

Military Department	Totals
$ 8,163	$ 82,813
-	6,472
-	964
1	1,578
(7,307)	(23,893)
(578)	(23,653)
(323)	(5,078)
(10)	(2,941)
(130)	(224)
-	(10,281)
(184)	**25,757**
-	11
-	3,983
-	(7)
(8)	(22,563)
(8)	**(18,576)**
-	715
-	(976)
-	(98)
-	(64)
0	**(423)**
-	5,500
15	1,860
-	(27,555)
15	**(20,195)**
(177)	**(13,437)**
2,063	22,153
1,886	**8,716**
-	38
$ 1,886	**$ 8,754**

Continued on next page...

UNAUDITED DRAFT

COMBINING STATEMENT OF CASH FLOWS (Continued from Previous Page)
Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	**$ 15,313**	**$ (5,192)**	**$ (5)**	**$ (554)**	**$ 12,286**
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Due from Other Funds	627	-	-	-	-
Accounts Receivable	(23)	(780)	-	(5)	136
Inventory	-	48	-	-	(89)
Other Assets	884	20	310	39	-
Deferred Outflows of Resources	-	(257)	-	(4)	-
Due to Other Funds	285	-	-	-	-
Accounts Payable	(279)	537	-	(27)	45
Claims Payable	320	-	(11)	-	-
Compensated Absences	-	25	-	(11)	-
Other Post-employment Benefits	-	-	-	4	-
Net Pension Liability	-	483	-	8	-
Deferred Inflows of Resources	-	(239)	-	(5)	-
Depreciation	-	549	-	587	-
Nonoperating Revenues	-	964	53	210	-
Nonoperating Expenses	(311)	-	-	-	-
Total Adjustments	1,503	1,350	352	796	92
Net Cash Provided (Used) by Operating Activities	**$ 16,816**	**$ (3,842)**	**$ 347**	**$ 242**	**$ 12,378**
Noncash Investing, Capital, and Financing Activities					
Increase (Decrease):					
Capital Assets Acquired on Account	-	270	-	-	-
Interest Accruals and Other Adjustments	1,439	-	-	-	-
Unrealized Gains (Losses) in Investment Fair Value	2,622	-	-	-	-
Transfers In (Out)	10,283	-	-	-	-

UNAUDITED DRAFT

Military Department	Totals
$ (46)	**$ 21,802**
-	627
1	(671)
2	(39)
-	1,253
(6)	(267)
-	285
(42)	234
-	309
(3)	11
17	21
(102)	389
(14)	(258)
72	1,208
(63)	1,164
-	(311)
(138)	3,955
$ (184)	**$ 25,757**
-	270
-	1,439
-	2,622
-	10,283

UNAUDITED DRAFT

UNAUDITED DRAFT

Internal Service Funds

Internal Service Funds account for the operation of State funds which provide goods and services primarily to other State funds on a cost-reimbursement basis.

Telecommunications Fund

Provides for the coordination and promotion of efficiency in the acquisition, operation and maintenance of telecommunications and computer equipment, services, systems, and networks used by state agencies.

Service Division Funds

Accounts for various services provided to State agencies including janitorial services, motor pool, mail services, and building maintenance.

Correctional Industries

Accounts for the manufacturing activities of the State's correctional facilities.

Building Renovation Finance Authority

Accounts for the rental and maintenance of the buildings in the State Capitol Complex.

Risk Management

Accounts for resources used to provide insurance coverage for State employees against work related injuries as well as employment-related liability claims.

State Motor Pool

Accounts for motor pool services provided to State agencies.

Other Internal Service Funds

Account for other small internal service funds operated by the Finance and Military Departments.

UNAUDITED DRAFT

COMBINING STATEMENT OF NET POSITION
Internal Service Funds

September 30, 2016
(Amounts in Thousands)

	Telecom-munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 6,289	$ 960	$ 5,037	$ 20,057	$ 14,269
Investments, Short-term	-	-	-	-	1,444
Due From Other Funds	9,819	1,486	1,212	3,379	677
Due From Component Units	46	43	6	16	-
Accounts Receivable	584	47	2	7	196
Inventory	-	179	5,002	-	-
Total Current Assets	**16,738**	**2,715**	**11,259**	**23,459**	**16,586**
Noncurrent Assets					
Investments, Long-term	-	-	-	-	95,635
Capital Assets, Net of Accumulated Depreciation	7,830	1,498	1,590	74,827	206
Capital Assets Not Depreciated	-	-	544	3,281	-
Total Noncurrent Assets	**7,830**	**1,498**	**2,134**	**78,108**	**95,841**
TOTAL ASSETS	**24,568**	**4,213**	**13,393**	**101,567**	**112,427**
DEFERRED OUTFLOWS OF RESOURCES	**2,036**	**157**	**605**	**1,237**	**876**
LIABILITIES					
Current Liabilities					
Warrants Payable	46	1	7	-	102
Due To Other Funds	477	10	50	32	824
Due To Component Units	-	-	-	-	29
Accounts Payable	5,591	937	1,108	1,112	499
Due To Other Governments	-	26	2	45	-
Claims Payable	-	-	-	-	3,677
Funds Held in Escrow	1	-	-	-	-
Compensated Absences	138	5	41	27	38
Notes and Capital Leases Payable	1,514	-	-	-	-
Revenue Bonds Payable	-	-	-	1,875	-
Total Current Liabilities	**7,767**	**979**	**1,208**	**3,091**	**5,169**
Noncurrent Liabilities					
Claims Payable	-	-	-	-	51,051
Due To Other Funds	-	-	-	-	-
Compensated Absences	1,482	55	446	286	408
Other Post-employment Benefits	5,765	652	2,829	2,148	2,070
Net Pension Liability	16,926	1,304	5,027	4,522	7,284
Notes and Capital Leases Payable	1,157	-	-	-	-
Revenue Bonds Payable	-	-	-	16,677	-
Total Noncurent Liabilities	**25,330**	**2,011**	**8,302**	**23,633**	**60,813**
TOTAL LIABILITIES	**33,097**	**2,990**	**9,510**	**26,724**	**65,982**
DEFERRED INFLOWS OF RESOURCES	**276**	**21**	**82**	**74**	**119**
NET POSITION					
Net Investment in Capital Assets	5,159	1,498	2,134	60,249	206
Restricted for:					
Capital Projects	-	-	-	183	-
Unrestricted	(11,928)	(139)	2,272	15,574	46,996
TOTAL NET POSITION	**$ (6,769)**	**$ 1,359**	**$ 4,406**	**$ 76,006**	**$ 47,202**

UNAUDITED DRAFT

State Motor Pool	Other Internal Service Funds	Totals
$ 1,848	$ 21,377	$ 69,837
-	-	1,444
943	4,731	22,247
5	13	129
4	232	1,072
-	-	5,181
2,800	**26,353**	**99,910**
-	-	95,635
529	381	86,861
-	742	4,567
529	**1,123**	**187,063**
3,329	**27,476**	**286,973**
22	**2,121**	**7,054**
2	-	158
215	1,957	3,565
-	-	29
363	4,189	13,799
7	1	81
-	-	3,677
-	-	1
-	163	412
-	-	1,514
-	-	1,875
587	**6,310**	**25,111**
-	-	51,051
-	772	772
-	1,759	4,436
335	2,280	16,079
416	17,628	53,107
-	-	1,157
-	-	16,677
751	**22,439**	**143,279**
1,338	**28,749**	**168,390**
7	**287**	**866**
529	1,123	70,898
-	-	183
1,477	(562)	53,690
$ 2,006	**$ 561**	**$ 124,771**

UNAUDITED DRAFT

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Internal Service Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Telecom-munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
OPERATING REVENUES					
Charges for Goods and Services	$ 49,937	$ 9,378	$ 11,111	$ 816	$ 2,850
Premiums and Contributions	-	-	-	-	17,378
Rents and Leases	-	-	12	18,125	-
Total Operating Revenues	**49,937**	**9,378**	**11,123**	**18,941**	**20,228**
OPERATING EXPENSES					
Salaries, Wages, and Benefits	6,182	1,515	3,191	3,689	5,403
Utilities and Communications	14,408	25	666	3,462	51
Professional Services	6,135	171	344	1,744	3,543
Supplies, Materials, and Operating Expense	12,105	7,799	7,069	758	1,066
Depreciation	2,699	222	201	3,273	35
Claims and Benefits	-	-	-	-	9,832
Other	2,280	229	565	2,888	740
Total Operating Expenses	**43,809**	**9,961**	**12,036**	**15,814**	**20,670**
Operating Income (Loss)	**6,128**	**(583)**	**(913)**	**3,127**	**(442)**
NONOPERATING REVENUES (EXPENSES)					
Grants	147	29	76	76	78
Investment Income	-	-	-	1	1,669
Other Nonoperating Revenues	-	3	16	414	-
Interest Expense	(73)	-	-	(1,582)	-
Other Nonoperating Expenses	(16)	(62)	-	(2,332)	(119)
Total Nonoperating Revenues (Expenses)	**58**	**(30)**	**92**	**(3,423)**	**1,628**
Income (Loss) Before Contributions and Transfers	**6,186**	**(613)**	**(821)**	**(296)**	**1,186**
Capital Contributions	-	-	-	2,332	-
Transfers In	326	-	4,074	29,426	3,452
Transfers Out	(1,040)	(7)	(28)	(27,392)	(3,472)
Increase (Decrease) in Net Position	**5,472**	**(620)**	**3,225**	**4,070**	**1,166**
Total Net Position, October 1, 2015, as Restated	(12,241)	1,979	1,181	71,936	46,036
Total Net Position, September 30, 2016	**$ (6,769)**	**$ 1,359**	**$ 4,406**	**$ 76,006**	**$ 47,202**

UNAUDITED DRAFT

State Motor Pool	Other Internal Service Funds	Totals
$ 4,096	$ 14,161	$ 92,349
-	-	17,378
-	-	18,137
4,096	**14,161**	**127,864**
308	19,775	40,063
-	110	18,722
-	4,845	16,782
458	179	29,434
163	57	6,650
-	-	9,832
2,736	1,587	11,025
3,665	**26,553**	**132,508**
431	**(12,392)**	**(4,644)**
-	866	1,272
-	-	1,670
109	239	781
-	(30)	(1,685)
-	(20,368)	(22,897)
109	**(19,293)**	**(20,859)**
540	**(31,685)**	**(25,503)**
-	100	2,432
72	25,781	63,131
-	(61)	(32,000)
612	**(5,865)**	**8,060**
1,394	6,426	116,711
$ 2,006	**$ 561**	**$ 124,771**

UNAUDITED DRAFT

COMBINING STATEMENT OF CASH FLOWS
Internal Service Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Telecom-munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
Cash Flows from Operating Activities:					
Receipts from Customer & User Charges	$ 3,151	$ 51	$ 2,723	$ 17	$ 372
Receipts from Interfund Services	47,112	9,547	8,216	17,668	19,831
Receipts from Other Operating Activities	15	-	12	411	314
Payments for Goods Held for Resale	(1,284)	(7,342)	(8,170)	-	-
Payments for Other Goods & Services	(32,882)	(259)	(1,960)	(8,014)	(3,118)
Payments for Employees Services	(11,435)	(994)	(3,772)	(3,307)	(4,804)
Payments for Taxes, Fines, Penalties, & Similar Fees	-	-	(1)	-	-
Payments for Interfund Services	(2,992)	(128)	(408)	(793)	(1,062)
Payments for Other Operating Activities	(47)	-	(156)	(2)	(791)
Payments for Claims	-	-	-	-	(4,101)
Net Cash Provided by (Used In) Operating Activities	**1,638**	**875**	**(3,516)**	**5,980**	**6,641**
Cash Flows from Noncapital Financing Activities:					
Transfers from Other Funds for Noncapital Financing	326	-	4,074	29,426	12,974
Transfers to Other Funds for Noncapital Financing	(1,040)	(7)	(28)	(27,392)	(2,711)
Net Cash Provided By (Used In) Noncapital Financing Activities	**(714)**	**(7)**	**4,046**	**2,034**	**10,263**
Cash Flows From Capital & Related Financing Activities:					
Transfers from Other Funds for Capital Financing	-	-	-	-	-
Receipts from Sale of Capital Assets & Insurance Proceeds	1	3	6	5	-
Payments to Acquire, Construct, & Improve Capital Assets	(31)	(729)	(245)	(2,478)	(11)
Principal Paid on Revenue Bonds & Other Capital Debt	(1,537)	-	-	(25,545)	-
Interest Paid on Revenue Bonds & Other Capital Debt	(70)	-	-	(1,820)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	**(1,637)**	**(726)**	**(239)**	**(29,838)**	**(11)**
Cash Flows From Investing Activities					
Receipts from Sales & Maturities of Investments	-	-	-	458	19,500
Purchase of Investments	-	-	-	(457)	(80,512)
Net Cash Provided By (Used In) Investing Activities	**0**	**0**	**0**	**1**	**(61,012)**
Net Increase (Decrease) In Cash and Cash Equivalents	**(713)**	**142**	**291**	**(21,823)**	**(44,119)**
Cash Balance as Restated, October 1, 2015	6,956	817	4,739	41,880	58,286
Cash Balance, September 30, 2016	**6,243**	**959**	**5,030**	**20,057**	**14,167**
Add: Warrants Payable	46	1	7	-	102
Cash and Cash Equivalents, as Reported on Balance Sheet	**$ 6,289**	**$ 960**	**$ 5,037**	**$ 20,057**	**$ 14,269**

UNAUDITED DRAFT

State Motor Pool	Other Internal Service Funds	Totals
$ 1,980	$ 1,896	$ 10,190
1,837	12,554	116,765
2	194	948
-	(39)	(16,835)
(2,826)	(110)	(49,169)
(192)	(11,598)	(36,102)
-	-	(1)
(479)	(3,876)	(9,738)
(2)	(108)	(1,106)
-	-	(4,101)
320	**(1,087)**	**10,851**
-	8,818	55,618
-	(61)	(31,239)
0	**8,757**	**24,379**
-	16,315	16,315
380	1	396
(43)	(20,490)	(24,027)
-	-	(27,082)
-	-	(1,890)
337	**(4,174)**	**(36,288)**
-	-	19,958
-	-	(80,969)
0	**0**	**(61,011)**
657	**3,496**	**(62,069)**
1,189	17,881	131,748
1,846	**21,377**	**69,679**
2	-	158
$ 1,848	**$ 21,377**	**$ 69,837**

Continued on next page...

UNAUDITED DRAFT

COMBINING STATEMENT OF CASH FLOWS (Continued from Previous Page)
Internal Service Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Telecom-munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	**$ 6,128**	**$ (583)**	**$ (913)**	**$ 3,127**	**$ (442)**
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Due from Other Funds	(1,375)	277	(45)	(1,866)	(293)
Accounts Receivable	1,723	110	-	566	-
Inventory	-	679	(776)	-	-
Other Assets	-	-	-	-	-
Deferred Outflows of Resources	(979)	(82)	(313)	(272)	(426)
Due to Other Funds	97	(19)	(150)	22	10
Accounts Payable	(2,375)	(327)	(1,267)	50	447
Claims Payable	-	-	-	-	6,287
Compensated Absences	(385)	9	(73)	(55)	4
Other Post-employment Benefits	463	92	238	241	246
Net Pension Liability	(3,758)	505	(339)	573	974
Deferred Inflows of Resources	(747)	(37)	(166)	(167)	(266)
Depreciation	2,699	222	201	3,273	35
Nonoperating Revenues	147	29	87	488	108
Nonoperating Expenses	-	-	-	-	(43)
Total Adjustments	(4,490)	1,458	(2,603)	2,853	7,083
Net Cash Provided (Used) by Operating Activities	**$ 1,638**	**$ 875**	**$ (3,516)**	**$ 5,980**	**$ 6,641**
Noncash Investing, Capital, and Financing Activities					
Increase (Decrease):					
Capital Assets Acquired by Capital Contribution	-	-	-	2,332	-
Capital Assets Acquired on Account	22	-	-	38	-
Disposals of Capital Assets	(457)	(584)	(31)	(150)	(55)
Capital Asset Reassignments	-	-	-	-	-
Revenue Bond Amortizations and Other Debt Adjustments	-	-	-	324	-
Interest Accruals and Other Adjustments	-	-	-	-	1,091
Unrealized Gains (Losses) in Investment Fair Value	-	-	-	-	579
Transfers In (Out)	-	-	-	-	(10,283)

UNAUDITED DRAFT

State Motor Pool	Other Internal Service Funds	Totals
$ 431	**$ (12,392)**	**$ (4,644)**
(278)	93	(3,487)
-	169	2,568
-	-	(97)
(111)	-	(111)
4	(1,239)	(3,307)
(54)	1,326	1,232
54	1,231	(2,187)
-	-	6,287
-	360	(140)
18	573	1,871
37	8,601	6,593
(16)	(342)	(1,741)
163	57	6,650
72	476	1,407
-	-	(43)
(111)	11,305	15,495
$ 320	**$ (1,087)**	**$ 10,851**
-	100	2,432
184	-	244
(1,351)	(133)	(2,761)
-	(20,368)	(20,368)
-	-	324
-	-	1,091
-	-	579
72	1,352	(8,859)

UNAUDITED DRAFT

UNAUDITED DRAFT

Pension and Other Employee Benefit Trust Funds

Pension and Other Employee Benefit Trust Funds account for the resources held in trust for members and beneficiaries of retirement plans and other employee benefit plans administered by the State.

Employees' Retirement System

Accounts for a pension plan for the benefit of State employees, State police, and employees of other eligible governmental organizations such as cities and counties within the State.

Teachers' Retirement System

Accounts for a pension plan for the benefit of employees of State supported educational institutions.

Judicial Retirement Fund

Accounts for a pension plan for the benefit of judges of the State's Supreme Court, Court of Civil Appeals, Court of Criminal Appeals, and Circuit Court.

Peace Officers Annuity and Benefit

Provides pension benefits to State and local peace officers.

State Port Authority Hourly Plan

Is a retirement fund for certain hourly employees of the Alabama State Port Authority who are not members of the State Employees' Retirement System.

State Port Authority Railway Plan

Is a retirement fund for certain employees of the Alabama State Port Authority who are not members of the State Employees' Retirement System.

State Port Authority Hourly Defined Contribution

Is a defined contribution retirement plan for certain hourly employees of the Alabama State Port Authority who are not members of the State Employees' Retirement System.

Alabama Deferred Compensation Fund

Accounts for resources contributed by State employees for a deferred compensation plan sponsored by the Personnel Board.

RSA Employee Savings Plans

Accounts for resources contributed by public employees for deferred compensation plans and individual retirement accounts sponsored by the Retirement Systems of Alabama.

Retired Education Employees' Health Care Trust

Provides post-employment health insurance benefits for retired employees of State supported educational institutions.

Retired State Employees' Health Care Trust

Provides post-employment health insurance benefits for retired State employees.

Other

Accounts for several small pension plans for Clerks and Registers and Firefighters.

UNAUDITED DRAFT

COMBINING STATEMENT OF PLAN NET POSITION
Pension and Other Employee Benefit Trust Funds

September 30, 2016
(Amounts in Thousands)

	Employees' Retirement System	Teachers' Retirement System	Judicial Retirement Fund	Peace Officers' Annuity and Benefits	State Port Authority Hourly Plan
ASSETS					
Cash and Cash Equivalents	$ 6,822	$ 56,079	$ 2,394	$ 281	$ 0
Investments					
U.S. Treasury Securities	321,049	680,673	25,924	2,837	3,802
U.S. Agency Securities	74,990	165,712	5,396	-	629
Mortgage Backed Securities	200,732	442,272	11,583	2,123	2,086
Corporate Stocks	5,850,539	11,784,393	146,359	-	2,869
Corporate Bonds	1,719,532	3,564,956	32,064	3,160	6,166
Real Estate	1,129,763	2,331,076	4,009	-	-
Commercial Paper	300,441	400,317	6,497	-	471
International Stocks	1,260,074	2,832,378	38,660	-	-
Guaranteed Investment Contracts	-	-	-	-	-
Mutual and Money Market Funds	186,781	436,884	7,427	14,257	787
Receivables					
Employer Contributions Receivable	36,276	61,167	619	-	-
Member Contributions Receivable	19,678	37,735	166	-	-
Federal On-Behalf Contributions Receivable	-	-	-	-	-
Investment Sales Receivable	326,474	667,019	8,050	-	-
Accounts Receivable	33,748	71,667	1,001	56	92
Mortgages, Notes, and Loans Receivable	-	-	-	-	-
Securities Lending Collateral	571,710	1,072,246	20,565	-	1,077
Other Assets	-	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	39,976	80,662	-	35	-
Capital Assets Not Depreciated	8,161	22,059	-	-	-
TOTAL ASSETS	**12,086,746**	**24,707,295**	**310,714**	**22,749**	**17,979**
Deferred Outflows Of Resources	**2,458**	**4,003**	**92**	**61**	**0**
LIABILITIES					
Warrants Payable	$ 0	$ 0	$ 0	$ 78	$ 0
Investment Purchases Payable	316,977	647,585	7,772	-	-
Due To Other Funds	-	-	-	2	-
Accounts Payable	2,489	5,289	49	43	-
Due To Other Governments	-	22,501	-	-	-
Claims Payable	-	-	-	-	-
Securities Lending Obligation	571,710	1,072,246	20,565	-	1,077
Unearned Revenue	-	-	-	-	-
Compensated Absences	1,653	3,097	12	101	-
Other Post-employment Benefits	4,889	5,091	44	130	-
Net Pension Liability	14,146	18,891	272	507	-
Notes and Mortgages Payable	-	-	-	-	-
TOTAL LIABILITIES	**911,864**	**1,774,700**	**28,714**	**861**	**1,077**
Deferred Inflows Of Resources	**266**	**300**	**50**	**8**	**0**
NET POSITION					
Restricted for Pension and Other Employee Benefits	11,177,074	22,936,298	282,042	21,941	16,902
TOTAL NET POSITION	**$ 11,177,074**	**$ 22,936,298**	**$ 282,042**	**$ 21,941**	**$ 16,902**

UNAUDITED DRAFT

State Port Authority Railway Plan	State Port Authority Hourly Defined Contribution	Alabama Deferred Compensation Plan	RSA Employee Savings Plans	Retired Educ Employees' Health Care Trust	Retired State Employees' Health Care Trust	Other Pension Funds	Totals
$ 0	$ 0	$ 0	$ 209	$ 0	$ 0	$ 2,581	$ 68,366
231	-	-	411,808	118,648	14,315	3,476	1,582,763
38	-	-	82,385	25,526	3,751	570	358,997
127	-	-	227,757	64,257	8,107	1,911	960,955
174	936	-	574,912	644,220	78,575	152	19,083,129
375	160	25,214	642,400	182,005	21,675	5,611	6,203,318
-	-	-	-	-	-	-	3,464,848
29	-	-	16,000	5,000	-	-	728,755
-	-	22,685	-	108,376	15,839	-	4,278,012
-	-	247,590	-	-	-	-	247,590
48	8,912	248,561	93,222	34,916	7,341	695	1,039,831
-	-	-	-	-	-	-	98,062
-	-	-	-	-	-	-	57,579
-	-	-	-	61,452	-	-	61,452
-	-	-	32	29	-	-	1,001,604
5	-	-	11,238	35,475	30,719	56	184,057
-	-	6,681	-	-	-	-	6,681
65	-	-	163,910	83,253	64,427	276	1,977,529
-	-	-	-	2,491	-	-	2,491
-	-	-	-	-	-	-	120,673
-	-	-	-	-	-	-	30,220
1,092	**10,008**	**550,731**	**2,223,873**	**1,365,648**	**244,749**	**15,328**	**41,556,912**
0	**0**	**0**	**0**	**0**	**0**	**0**	**6,614**
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 78
-	-	-	47	274	-	-	972,655
-	-	-	-	-	-	-	2
-	-	-	-	-	10,440	1,227	19,537
-	-	-	-	1,078	-	-	23,579
-	-	-	-	40,844	16,183	-	57,027
65	-	-	163,910	83,253	64,427	276	1,977,529
-	-	-	-	-	3,311	-	3,311
-	-	-	-	-	-	-	4,863
-	-	-	-	-	-	-	10,154
-	-	-	-	-	-	-	33,816
-	-	-	-	-	-	1,000	1,000
65	**0**	**0**	**163,957**	**125,449**	**94,361**	**2,503**	**3,103,551**
0	**0**	**0**	**0**	**0**	**0**	**0**	**624**
1,027	10,008	550,731	2,059,916	1,240,199	150,388	12,825	38,459,351
$ 1,027	**$ 10,008**	**$ 550,731**	**$ 2,059,916**	**$ 1,240,199**	**$ 150,388**	**$ 12,825**	**$ 38,459,351**

UNAUDITED DRAFT

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Employees' Retirement System	Teachers' Retirement System	Judicial Retirement Fund	Peace Officers' Annuity and Benefits	State Port Authority Hourly Plan
ADDITIONS					
Contributions:					
Plan members	$ 238,017	$ 475,980	$ 3,723	$ 751	$ 0
Employer	435,098	751,902	17,529	3,721	-
Other Contributions	-	-	-	4	-
Federal On-Behalf	-	-	-	-	-
Total Contributions	673,115	1,227,882	21,252	4,476	0
Investment Earnings					
Investment Interest and Dividends	297,369	607,795	6,865	505	484
Net Increase (Decrease) in Fair Value of Investments	753,836	1,589,279	21,302	1,357	668
Securities Lending Income	7,481	15,930	258	-	10
Total Investment Earnings	1,058,686	2,213,004	28,425	1,862	1,162
Less:					
Investment Expense	3,028	7,738	-	66	-
Securities Lending Interest and Fees	2,772	5,869	104	-	3
Net Investment Income	1,052,886	2,199,397	28,321	1,796	1,159
Other Additions					
Interest from Mortgages and Loans Receivable	-	-	-	-	-
Miscellaneous	145	7	-	6	-
Total Other Additions	145	7	0	6	0
Total Additions	**1,726,146**	**3,427,286**	**49,573**	**6,278**	**1,159**
DEDUCTIONS					
Benefit Payments and Refunds	1,087,953	2,219,137	31,007	5,017	-
Administrative Expense	13,023	19,582	398	406	-
Transfers Out	-	-	-	26	-
Total Deductions	**1,100,976**	**2,238,719**	**31,405**	**5,449**	**0**
Change in Net Position	**625,170**	**1,188,567**	**18,168**	**829**	**1,159**
Net Position Restricted or Held in Trust for Beneficiaries, October 1, 2015, as Restated	10,551,904	21,747,731	263,874	21,112	15,743
Net Position Restricted or Held in Trust for Beneficiaries, September 30, 2016	**$ 11,177,074**	**$ 22,936,298**	**$ 282,042**	**$ 21,941**	**$ 16,902**

UNAUDITED DRAFT

State Port Authority Railway Plan	State Port Authority Hourly Defined Contribution	Alabama Deferred Compensation Plan	RSA Employee Savings Plans	Retired Educ Employees' Health Care Trust	Retired State Employees' Health Care Trust	Other Pension Funds	Totals
$ 0	$ 636	$ 38,394	$ 131,841	$ 119,840	$ 40,479	$ 11,147	$ 1,060,808
32	845	-	-	305,865	81,442	-	1,596,434
-	-	-	-	-	-	2,922	2,926
-	-	-	-	60,726	-	-	60,726
32	1,481	38,394	131,841	486,431	121,921	14,069	2,720,894
29	995	19,672	59,748	29,741	3,949	403	1,027,555
41	-	16,086	98,413	88,960	11,865	293	2,582,100
1	-	-	1,985	936	350	9	26,960
71	995	35,758	160,146	119,637	16,164	705	3,636,615
-	-	446	-	-	-	-	11,278
-	-	-	843	321	108	3	10,023
71	995	35,312	159,303	119,316	16,056	702	3,615,314
-	-	311	-	-	-	-	311
-	-	-	-	-	-	1	159
0	0	311	0	0	0	1	470
103	**2,476**	**74,017**	**291,144**	**605,747**	**137,977**	**14,772**	**6,336,678**
-	756	41,713	148,916	518,322	135,470	11,797	4,200,088
-	12	1,154	-	1,618	1,377	2,116	39,686
-	-	-	-	-	-	-	26
0	**768**	**42,867**	**148,916**	**519,940**	**136,847**	**13,913**	**4,239,800**
103	**1,708**	**31,150**	**142,228**	**85,807**	**1,130**	**859**	**2,096,878**
924	8,299	519,581	1,917,688	1,154,392	149,258	11,966	36,362,472
$ 1,027	**$ 10,007**	**$ 550,731**	**$ 2,059,916**	**$ 1,240,199**	**$ 150,388**	**$ 12,825**	**$ 38,459,350**

UNAUDITED DRAFT

UNAUDITED DRAFT

Private-Purpose Trust Funds

Private-Purpose Trust Funds report trust arrangements where the principal and income benefit individuals, private organizations or other governments.

Prepaid Affordable College Tuition

Accounts for the operation of a prepaid college tuition plan for the benefit of individual citizens of Alabama.

Alabama College Education Savings Plan

Accounts for the operation of an individual college tuition savings plan.

Local Education Endowments

Accounts for the proceeds of several endowments donated by private citizens for the benefit of specific local school systems.

UNAUDITED DRAFT

COMBINING STATEMENT OF FIDUCIARY NET POSITION
Private-Purpose Trust Funds

September 30, 2016
(Amounts in Thousands)

	Prepaid Affordable College Tuition	Alabama College Education Savings Plan	Local Education Endowments	Totals
ASSETS				
Cash and Cash Equivalents	$ 26,115	$ 996	$ 0	$ 27,111
Investments				
U.S. Treasury Securities	8,580	-	1,001	9,581
U.S. Agency Securities	12,082	-	138	12,220
State and Local Government Securities	290	-	-	290
Mortgage Backed Securities	3,735	-	-	3,735
Corporate Stocks	-	-	5,935	5,935
Corporate Bonds	35,170	-	1,480	36,650
Real Estate	-	-	582	582
Mutual and Money Market Funds	3,485	1,380,825	443	1,384,753
Receivables				
Accounts Receivable	307	3,089	2	3,398
Securities Lending Collateral	1	-	6,425	6,426
TOTAL ASSETS	**89,765**	**1,384,910**	**16,006**	**1,490,681**
LIABILITIES				
Warrants Payable	141	-	-	141
Investment Purchases Payable	-	-	20	20
Due To Other Funds	3	-	-	3
Accounts Payable	21,518	1,683	1	23,202
Securities Lending Obligation	1	-	6,425	6,426
Amounts Held in Custody for Others	-	2,025	-	2,025
Compensated Absences	6	3	-	9
TOTAL LIABILITIES	**21,669**	**3,711**	**6,446**	**31,826**
NET POSITION				
Restricted or Held in Trust for Beneficiaries	68,096	1,381,199	9,560	1,458,855
TOTAL NET POSITION	**$ 68,096**	**$ 1,381,199**	**$ 9,560**	**$ 1,458,855**

UNAUDITED DRAFT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Private-Purpose Trust Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Prepaid Affordable College Tuition	Alabama College Education Savings Plan	Local Education Endowments	Totals
ADDITIONS				
Contributions:				
Plan members	$ 1,408	$ 151,255	$ 0	$ 152,663
Total Contributions	1,408	151,255	0	152,663
Investment Earnings				
Investment Interest and Dividends	1,600	37,736	335	39,671
Net Increase (Decrease) in Fair Value of Investments	(613)	78,479	679	78,545
Securities Lending Income	-	-	13	13
Total Investment Earnings	987	116,215	1,027	118,229
Less:				
Securities Lending Interest and Fees	-	-	6	6
Net Investment Income	987	116,215	1,021	118,223
Other Additions				
Miscellaneous	276	358	-	634
Transfers In	33,952	-	-	33,952
Total Other Additions	34,228	358	0	34,586
Total Additions	**36,623**	**267,828**	**1,021**	**305,472**
DEDUCTIONS				
Benefit Payments and Refunds	67,351	106,479	758	174,588
Administrative Expense	628	7,817	-	8,445
Transfers Out	-	915	-	915
Total Deductions	**67,979**	**115,211**	**758**	**183,948**
Change in Net Position	**(31,356)**	**152,617**	**263**	**121,524**
Net Position Restricted or Held in Trust for Beneficiaries, October 1, 2015, as Restated	99,452	1,228,582	9,297	1,337,331
Net Position Restricted or Held in Trust for Beneficiaries, September 30, 2016	**$ 68,096**	**$ 1,381,199**	**$ 9,560**	**$ 1,458,855**

UNAUDITED DRAFT

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Agency Funds

Agency Funds report assets held by the State in a purely custodial capacity (assets equal liabilities). Agency funds typically involve the receipt, temporary investment, and remittance of resources to individuals, organizations or other governments.

State Clearing Accounts

Accounts for the collection and distribution of State taxes and licenses as well as amounts collected and held by courts for individuals.

Taxes Collected for Local Governments

Accounts for local taxes which are collected by the State as a service for local governments. These taxes do not represent future revenues of the State.

Payroll

Accounts for amounts withheld from employees that are not yet distributed to outside organizations or governments.

Other Agency Funds

Are aggregated for financial reporting purposes and represent amounts held for child support payments, cash bonds, and numerous other amounts held for individuals and organizations outside of State government.

UNAUDITED DRAFT

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
Agency Funds

September 30, 2016
(Amounts in Thousands)

	State Clearing Accounts	Taxes Collected for Local Governments	Payroll	Other Agency Funds	Totals
ASSETS					
Cash and Cash Equivalents	$ 192,815	$ 6,247	$ 2,279	$ 98,508	$ 299,849
Investments	-	-	-	48,745	48,745
Accounts Receivable	122	13	-	-	135
Securities Lending Collateral	2	-	-	4	6
TOTAL ASSETS	**$ 192,939**	**$ 6,260**	**$ 2,279**	**$ 147,257**	**$ 348,735**
LIABILITIES					
Warrants Payable	$ 25,299	$ 85	$ 1,861	$ 683	$ 27,928
Accounts Payable	241	2	1	172	416
Due To Other Governments	1,635	6,173	-	166	7,974
Securities Lending Obligation	2	-	-	4	6
Amounts Held in Custody for Others	165,762	-	417	146,232	312,411
TOTAL LIABILITIES	**$ 192,939**	**$ 6,260**	**$ 2,279**	**$ 147,257**	**$ 348,735**

UNAUDITED DRAFT

UNAUDITED DRAFT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
Agency Funds

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016
STATE CLEARING ACCOUNTS				
ASSETS				
Cash and Cash Equivalents	$ 214,188	$ 40,358,839	$ 40,380,212	$ 192,815
Due From Other Funds	-	152	152	-
Accounts Receivable	14	137	29	122
Taxes Receivable	-	677,614	677,614	-
Securities Lending Collateral	143	2	143	2
TOTAL ASSETS	**$ 214,345**	**$ 41,036,744**	**$ 41,058,150**	**$ 192,939**
LIABILITIES				
Warrants Payable	$ 22,082	$ 18,804,120	$ 18,800,903	$ 25,299
Due To Other Funds	-	8,827	8,827	-
Accounts Payable	16	40,494	40,269	241
Tax Refunds Payable	-	47,913	47,913	-
Due To Other Governments	618	13,156	12,139	1,635
Securities Lending Obligation	143	2	143	2
Amounts Held Pending Distribution	-	54,222,638	54,222,638	-
Unearned Revenue	-	17,068	17,068	-
Amounts Held in Custody for Others	191,486	1,408,545	1,434,269	165,762
TOTAL LIABILITIES	**$ 214,345**	**$ 74,562,763**	**$ 74,584,169**	**$ 192,939**
TAXES COLLECTED FOR LOCAL GOVTS				
ASSETS				
Cash and Cash Equivalents	$ 8,089	$ 9,189,474	$ 9,191,316	$ 6,247
Due From Other Funds	-	13	13	-
Accounts Receivable	-	13	-	13
Securities Lending Collateral	31	-	31	-
TOTAL ASSETS	**$ 8,120**	**$ 9,189,500**	**$ 9,191,360**	**$ 6,260**
LIABILITIES				
Warrants Payable	$ 113	$ 8,777,545	$ 8,777,573	$ 85
Accounts Payable	-	12,908	12,906	2
Due To Other Governments	7,976	419,759	421,562	6,173
Securities Lending Obligation	31	-	31	-
Amounts Held Pending Distribution	-	318	318	-
TOTAL LIABILITIES	**$ 8,120**	**$ 9,210,530**	**$ 9,212,390**	**$ 6,260**
PAYROLL				
ASSETS				
Cash and Cash Equivalents	$ 2,603	$ 69,054,923	$ 69,055,247	$ 2,279
Accounts Receivable	7	6	13	-
Securities Lending Collateral	10	-	10	-
TOTAL ASSETS	**$ 2,620**	**$ 69,054,929**	**$ 69,055,270**	**$ 2,279**
LIABILITIES				
Warrants Payable	$ 2,142	$ 40,064,276	$ 40,064,557	$ 1,861
Due To Other Funds	-	2	2	-
Accounts Payable	6	770,683	770,688	1
Securities Lending Obligation	10	-	10	-
Amounts Held Pending Distribution	-	1,419,648	1,419,648	-
Amounts Held in Custody for Others	462	686,868	686,913	417
TOTAL LIABILITIES	**$ 2,620**	**$ 42,941,477**	**$ 42,941,818**	**$ 2,279**

UNAUDITED DRAFT

	Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016
OTHER AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	$ 95,707	$ 10,886,223	$ 10,883,422	$ 98,508
Investments	48,471	56,475	56,201	48,745
Due From Other Funds	-	3	3	-
Accounts Receivable	1,603	4	1,607	-
Securities Lending Collateral	342	4	342	4
TOTAL ASSETS	**$ 146,123**	**$ 10,942,709**	**$ 10,941,575**	**$ 147,257**
LIABILITIES				
Warrants Payable	$ 865	$ 9,970,754	$ 9,970,936	$ 683
Accounts Payable	220	67,345	67,393	172
Due To Other Governments	219	1,373	1,426	166
Securities Lending Obligation	342	4	342	4
Amounts Held Pending Distribution	-	642	642	-
Amounts Held in Custody for Others	144,477	1,033,327	1,031,572	146,232
TOTAL LIABILITIES	**$ 146,123**	**$ 11,073,445**	**$ 11,072,311**	**$ 147,257**
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	$ 320,587	$ 129,489,459	$ 129,510,197	$ 299,849
Investments	48,471	56,475	56,201	48,745
Due From Other Funds	-	168	168	-
Accounts Receivable	1,624	160	1,649	135
Taxes Receivable	-	677,614	677,614	-
Securities Lending Collateral	526	6	526	6
TOTAL ASSETS	**$ 371,208**	**$ 130,223,882**	**$ 130,246,355**	**$ 348,735**
LIABILITIES				
Warrants Payable	$ 25,202	$ 77,616,695	$ 77,613,969	$ 27,928
Due To Other Funds	-	8,829	8,829	-
Accounts Payable	242	891,430	891,256	416
Tax Refunds Payable	-	47,913	47,913	-
Due to Other Governments	8,813	434,288	435,127	7,974
Securities Lending Obligation	526	6	526	6
Amounts Held Pending Distribution	-	55,643,246	55,643,246	-
Unearned Revenue	-	17,068	17,068	-
Amounts Held in Custody for Others	336,425	3,128,740	3,152,754	312,411
TOTAL LIABILITIES	**$ 371,208**	**$ 137,788,215**	**$ 137,810,688**	**$ 348,735**

UNAUDITED DRAFT

UNAUDITED DRAFT

Nonmajor Component Units

Water Pollution Control Authority

Issues revolving loan bonds and lends the proceeds to eligible municipalities at below market interest rates for the construction of wastewater treatment and collection facilities.

Drinking Water Control Authority

Issues revolving loan bonds and lends the bond proceeds to local governments at below market rates for the construction of drinking water treatment and distribution facilities.

Troy University

Reports the operations and balances of the University.

Alabama State University

Reports the operations and balances of the University.

Alabama Agricultural and Mechanical University

Reports the operations and balances of the University.

Jacksonville State University

Reports the operations and balances of the University.

University of North Alabama

Reports the operations and balances of the University.

University of Montevallo

Reports the operations and balances of the University.

University of West Alabama

Reports the operations and balances of the University.

Historical Commission

Preserves and maintains buildings, objects, and sites of historical significance.

State Employees Health Insurance

Other Governmental Funds

Combined totals of other nonmajor component units, which are reported in more detail later in this report.

UNAUDITED DRAFT

COMBINING STATEMENT OF NET POSITION
Nonmajor Component Units

September 30, 2016
(Amounts in Thousands)

	Water Pollution Control Authority	Drinking Water Finance Authority	Troy University	Alabama State University	Alabama Agricultural and Mechanical University
ASSETS					
Cash and Cash Equivalents	$ 1,185	$ 573	$ 130,670	$ 22,447	$ 34,563
Investments	248,270	131,928	101,060	82,602	52,688
Due From Primary Government	5,035	-	-	-	-
Accounts Receivable	1,859	828	38,264	17,338	17,906
Due From Other Governments	402,991	183,398	-	3,959	-
Mortgages, Notes, and Loans Receivable	-	-	1,993	-	19,718
Securities Lending Collateral	-	-	-	-	-
Inventory	-	-	65	6	-
Restricted Assets	-	-	-	-	-
Other Assets	1,594	3,007	1,517	250	11,315
Capital Assets, Net of Accumulated Depreciation	79	15	284,297	267,379	102,938
Capital Assets Not Depreciated	-	-	27,706	22,400	12,736
TOTAL ASSETS	**661,013**	**319,749**	**585,572**	**416,381**	**251,864**
DEFERRED OUTFLOWS OF RESOURCES	**1,169**	**1,563**	**21,783**	**20,130**	**12,915**
LIABILITIES					
Warrants Payable	-	1	-	-	-
Due To Primary Government	133	-	-	-	-
Accounts Payable	327	221	10,833	13,520	12,254
Due To Other Governments	129,408	31,231	-	-	-
Securities Lending Obligation	-	-	-	-	-
Unearned Revenue	-	-	36,608	17,572	42,952
Amounts Held in Custody for Others	55	-	5,268	-	4,461
Noncurrent Liabilities:					
Due Within One Year	13,220	6,030	6,741	6,948	6,046
Due In More Than One Year	63,403	49,733	299,757	292,531	134,490
TOTAL LIABILITIES	**206,546**	**87,216**	**359,207**	**330,571**	**200,203**
DEFERRED INFLOWS OF RESOURCES	**0**	**0**	**2,427**	**3,522**	**803**
NET POSITION					
Net Investment in Capital Assets	79	15	168,389	81,449	53,698
Restricted for:					
Permanent - Expendable	-	-	42,691	774	9,369
Permanent - Non-expendable	-	-	21,490	54,407	40,764
Education	-	-	-	-	-
Debt Service	410,418	203,722	-	-	-
Capital Projects	-	-	-	-	-
Other Purposes	-	-	585	33,415	12,623
Unrestricted	45,139	30,359	12,566	(67,627)	(52,681)
TOTAL NET POSITION	**$ 455,636**	**$ 234,096**	**$ 245,721**	**$ 102,418**	**$ 63,773**

UNAUDITED DRAFT

Jacksonville State University	University of North Alabama	University of Montevallo	University of West Alabama	Historical Commission	State Employees' Health Insurance	Other Nonmajor Component Units	Totals
$ 51,886	$ 46,306	$ 14,412	$ 15,642	$ 2,705	$ 9,399	$ 59,060	$ 388,848
58,903	40,587	59,288	6,199	12,869	63,964	30,615	888,973
-	-	-	-	1	394	775	6,205
12,979	7,718	4,908	7,776	80	16,714	14,513	140,883
-	-	-	-	-	229	1,293	591,870
313	5,497	227	224	-	1,000	863	29,835
-	-	-	-	5,825	647	-	6,472
-	36	-	1,004	275	-	7,236	8,622
-	-	1,876	-	-	-	90	1,966
12,581	9,483	5,375	-	-	64	1,416	46,602
94,547	142,674	51,133	56,977	279	1,381	133,788	1,135,487
5,399	4,538	2,541	2,064	82,424	-	24,315	184,123
236,608	**256,839**	**139,760**	**89,886**	**104,458**	**93,792**	**273,964**	**3,429,886**
14,317	**11,673**	**7,840**	**6,622**	**559**	**1,104**	**16,790**	**116,465**
-	-	-	-	58	8	-	67
-	-	-	-	44	371	277	825
9,775	7,741	3,308	3,806	479	1,819	9,245	73,328
-	-	497	-	29	1	23	161,189
-	-	-	-	5,825	647	-	6,472
33,111	27,847	14,182	8,158	-	987	8,207	189,624
1,020	617	526	221	-	-	359	12,527
4,296	1,692	2,283	1,481	40	11,442	6,774	66,993
147,982	143,332	66,354	87,272	7,280	26,653	140,458	1,459,245
196,184	**181,229**	**87,150**	**100,938**	**13,755**	**41,928**	**165,343**	**1,970,270**
434	**363**	**225**	**196**	**76**	**346**	**1,787**	**10,179**
31,965	71,312	28,735	15,306	82,703	1,381	127,687	662,719
28,488	14,931	16,634	-	-	-	3,628	116,515
12,209	28,928	20,483	423	11,168	-	4,014	193,886
-	-	-	-	-	-	2,441	2,441
4,956	-	-	-	-	-	-	619,096
-	-	-	-	-	-	28	28
2,569	332	-	-	-	-	3,473	52,997
(25,880)	(28,583)	(5,627)	(20,355)	(2,685)	51,241	(17,647)	(81,780)
$ 54,307	**$ 86,920**	**$ 60,225**	**$ (4,626)**	**$ 91,186**	**$ 52,622**	**$ 123,624**	**$ 1,565,902**

UNAUDITED DRAFT

COMBINING STATEMENT OF ACTIVITIES
Nonmajor Component Units

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Water Pollution Control Authority	Drinking Water Finance Authority	Troy University	Alabama State University	Alabama Agricultural and Mechanical University
Expenses	**$ 10,066**	**$ 8,110**	**$ 255,953**	**$ 143,417**	**$ 142,265**
Program Revenues					
Charges for Services	1,475	1,129	148,261	60,235	65,282
Operating Grants and Contributions	15,149	16,200	49,867	36,970	46,629
Capital Grants and Contributions	-	-	590	325	2,245
Total Program Revenues	**16,624**	**17,329**	**198,718**	**97,530**	**114,156**
Net (Expense) Revenue	**6,558**	**9,219**	**(57,235)**	**(45,887)**	**(28,109)**
General Revenues:					
Payments from State of Alabama	-	-	47,521	42,299	38,133
Unrestricted Investment Earnings	14,128	6,654	9,560	2,585	8
Miscellaneous	-	-	6,038	-	-
Contributions to Permanent Funds and Endowments	-	-	-	-	-
Total General Revenues and Contributions	**14,128**	**6,654**	**63,119**	**44,884**	**38,141**
Change in Net Position	**20,686**	**15,873**	**5,884**	**(1,003)**	**10,032**
Net Position, October 1, 2015, as Restated	434,950	218,223	239,837	103,421	53,741
Net Position, September 30, 2016	**$ 455,636**	**$ 234,096**	**$ 245,721**	**$ 102,418**	**$ 63,773**

UNAUDITED DRAFT

Jacksonville State University	University of North Alabama	University of Montevallo	University of West Alabama	Historical Commission	State Employees' Health Insurance	Other Nonmajor Component Units	Totals
$ 125,881	**$ 108,183**	**$ 69,309**	**$ 62,409**	**$ 5,238**	**$ 293,243**	**$ 208,044**	**$ 1,432,118**
61,577	57,712	37,856	32,012	1,256	287,164	89,089	843,048
25,327	22,158	12,530	9,799	982	79	40,845	276,535
188	901	1,684	-	205	-	370	6,508
87,092	**80,771**	**52,070**	**41,811**	**2,443**	**287,243**	**130,304**	**1,126,091**
(38,789)	**(27,412)**	**(17,239)**	**(20,598)**	**(2,795)**	**(6,000)**	**(77,740)**	**(306,027)**
37,095	27,179	19,041	14,356	3,003	-	77,412	306,039
130	2,178	165	10	1,156	2,189	1,216	39,979
-	610	-	466	3	-	572	7,689
-	147	-	-	-	-	-	147
37,225	**30,114**	**19,206**	**14,832**	**4,162**	**2,189**	**79,200**	**353,854**
(1,564)	**2,702**	**1,967**	**(5,766)**	**1,367**	**(3,811)**	**1,460**	**47,827**
55,871	84,218	58,258	1,140	89,819	56,433	122,164	1,518,075
$ 54,307	**$ 86,920**	**$ 60,225**	**$ (4,626)**	**$ 91,186**	**$ 52,622**	**$ 123,624**	**$ 1,565,902**

UNAUDITED DRAFT

COMBINING STATEMENT OF NET POSITION
Other Nonmajor Component Units

September 30, 2016
(Amounts in Thousands)

	Alabama Institute for the Deaf and Blind	Athens State University	Space Science Exhibit Commission	Marine Environmental Sciences Consortium	Crime Victims Compensation Commission
ASSETS					
Cash and Cash Equivalents	$ 22,038	$ 14,209	$ 132	$ 1,529	$ 4,670
Investments	14,072	8,707	103	-	4,994
Due From Primary Government	-	-	-	-	-
Accounts Receivable	5,886	1,914	915	4,539	-
Due From Other Governments	-	1,025	-	-	-
Mortgages, Notes, and Loans Receivable	7	-	-	-	-
Inventory	6,043	29	728	147	-
Restricted Assets	-	-	90	-	-
Other Assets	21	429	814	-	-
Capital Assets, Net of Accumulated Depreciation	28,201	39,336	41,803	10,635	1,073
Capital Assets Not Depreciated	2,270	3,507	6,387	2,904	-
TOTAL ASSETS	**78,538**	**69,156**	**50,972**	**19,754**	**10,737**
DEFERRED OUTFLOWS OF RESOURCES	**8,705**	**4,084**	**1,546**	**1,039**	**346**
LIABILITIES					
Due To Primary Government	-	-	-	-	22
Accounts Payable	2,333	1,146	2,165	1,169	150
Due To Other Governments	-	-	-	-	-
Unearned Revenue	825	4,750	1,086	1,546	-
Amounts Held in Custody for Others	219	-	-	140	-
Noncurrent Liabilities:					
Due Within One Year	467	1,410	1,730	219	2,654
Due In More Than One Year	58,936	41,668	18,937	8,688	4,092
TOTAL LIABILITIES	**62,780**	**48,974**	**23,918**	**11,762**	**6,918**
DEFERRED INFLOWS OF RESOURCES	**310**	**1,093**	**0**	**282**	**47**
NET POSITION					
Net Investment in Capital Assets	29,260	26,390	37,483	11,809	1,073
Restricted for:					
Permanent - Expendable	3,628	-	-	-	-
Permanent - Non-expendable	4,014	-	-	-	-
Education	-	2,441	-	-	-
Capital Projects	-	-	-	28	-
Other Purposes	-	2,066	302	1,105	-
Unrestricted	(12,749)	(7,724)	(9,185)	(4,193)	3,045
TOTAL NET POSITION	**$ 24,153**	**$ 23,173**	**$ 28,600**	**$ 8,749**	**$ 4,118**

UNAUDITED DRAFT

Supercomputer Authority	U.S.S. Alabama Battleship Commission	Historic Ironworks Commission	Red Mountain Recreation Commission	Miscellaneous Component Units	Totals
$ 8,129	$ 5,778	$ 233	$ 349	$ 1,993	$ 59,060
-	1,587	-	-	1,152	30,615
525	-	-	-	250	775
-	8	-	1,251	-	14,513
-	-	-	-	268	1,293
-	-	-	-	856	863
-	263	26	-	-	7,236
-	-	-	-	-	90
-	70	-	82	-	1,416
1,940	6,840	1,861	1,845	254	133,788
-	396	1,035	7,655	161	24,315
10,594	**14,942**	**3,155**	**11,182**	**4,934**	**273,964**
217	**340**	**122**	**329**	**62**	**16,790**
4	-	-	-	251	277
1,956	236	37	32	21	9,245
19	-	-	-	4	23
-	-	-	-	-	8,207
-	-	-	-	-	359
14	-	28	251	1	6,774
2,362	2,092	1,693	1,205	785	140,458
4,355	**2,328**	**1,758**	**1,488**	**1,062**	**165,343**
29	**0**	**6**	**16**	**4**	**1,787**
1,940	7,236	2,600	9,497	399	127,687
-	-	-	-	-	3,628
-	-	-	-	-	4,014
-	-	-	-	-	2,441
-	-	-	-	-	28
-	-	-	-	-	3,473
4,487	5,718	(1,087)	510	3,531	(17,647)
$ 6,427	**$ 12,954**	**$ 1,513**	**$ 10,007**	**$ 3,930**	**$ 123,624**

UNAUDITED DRAFT

COMBINING STATEMENT OF ACTIVITIES
Other Nonmajor Component Units

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Alabama Institute for the Deaf and Blind	Athens State University	Space Science Exhibit Commission	Marine Environmental Sciences Consortium	Crime Victims Compensation Commission
Expenses	**$ 86,892**	**$ 33,746**	**$ 34,780**	**$ 23,080**	**$ 6,838**
Program Revenues					
Charges for Services	23,329	14,713	32,276	2,891	3,391
Operating Grants and Contributions	11,838	10,099	137	15,757	1,161
Capital Grants and Contributions	324	-	46	-	-
Total Program Revenues	**35,491**	**24,812**	**32,459**	**18,648**	**4,552**
Net (Expense) Revenue	**(51,401)**	**(8,934)**	**(2,321)**	**(4,432)**	**(2,286)**
General Revenues:					
Payments from State of Alabama	50,465	11,707	1,949	4,129	95
Unrestricted Investment Earnings	438	773	5	2	-
Miscellaneous	567	-	-	-	-
Total General Revenues	**51,470**	**12,480**	**1,954**	**4,131**	**95**
Change in Net Position	**69**	**3,546**	**(367)**	**(301)**	**(2,191)**
Net Position, October 1, 2015, as Restated	24,084	19,627	28,967	9,050	6,309
Net Position, September 30, 2016	**$ 24,153**	**$ 23,173**	**$ 28,600**	**$ 8,749**	**$ 4,118**

UNAUDITED DRAFT

Supercomputer Authority	U.S.S. Alabama Battleship Commission	Historic Ironworks Commission	Red Mountain Recreation Commission	Miscellaneous Component Units	Totals
$ 12,554	**$ 5,114**	**$ 2,060**	**$ 1,951**	**$ 1,029**	**$ 208,044**
4,370	5,359	1,853	554	353	89,089
16	84	117	1,543	93	40,845
-	-	-	-	-	370
4,386	**5,443**	**1,970**	**2,097**	**446**	**130,304**
(8,168)	**329**	**(90)**	**146**	**(583)**	**(77,740)**
8,817	-	-	-	250	77,412
-	-	-	5	(7)	1,216
-	-	-	-	5	572
8,817	**0**	**0**	**5**	**248**	**79,200**
649	**329**	**(90)**	**151**	**(335)**	**1,460**
5,778	12,625	1,603	9,856	4,265	122,164
$ 6,427	**$ 12,954**	**$ 1,513**	**$ 10,007**	**$ 3,930**	**$ 123,624**

UNAUDITED DRAFT

UNAUDITED DRAFT

Supplemental Statements and Schedules

Supplemental Statements and Schedules presents schedules and statements which bring together information spread throughout the statements, presents information in greater detail, or presents information that demonstrates legal compliance.

UNAUDITED DRAFT

SCHEDULE OF FEDERAL REVENUES BY AGENCY
All Funds and Component Units, Excluding Amounts Received Directly by Higher Education

For the Fiscal Year Ended September 30, 2016
(Amounts in Thousands)

	Amount
Administrative Office Of Courts	$ 616
Agriculture and Industries	6,312
Alabama Agricultural Development Authority	14
Alabama Community College System	11,021
Archives and History	32
Attorney General	1,166
Child Abuse and Neglect Prevention Board	453
Commerce	42,282
Commission on Higher Education	945
Conservation and Natural Resources	41,784
Corrections	439
Council on the Arts	744
Crime Victims Compensation Commission	1,124
Drinking Water Finance Authority	16,201
Early Childhood Education	30,462
Economic and Community Affairs	130,591
Education	982,817
Emergency Management Agency	50,853
Environmental Management	17,627
Finance-Special Funds	1,640
Forensic Sciences	593
Forestry Commission	3,543
Forever Wild Land Trust	600
Geological Survey	451
Governor	7
Governor's Office on Disability	24
Governor's Office of Volunteer Services	1,862
High School of Math and Science	205
Historical Commission	887
Housing Finance Authority	18,944
Human Resources	1,557,286
Labor	55,020
Law Enforcement Agency	15,772
Manufactured Housing Commission	483
Medicaid Agency	4,348,104
Mental Health	26,067
Military	36,521
Office of Prosecution Services	326
Public Health	457,286
Public Library Services	2,575
Public School and College Authority	4,502
Public Service Commission	1,066
Rehabilitation Services	65,463
Retired State Employees Health Care Trust	40,955
School of Fine Arts	79
Senior Services	25,449
Soil and Water Conservation Commission	261
State Port Authority	7,894
Surface Mining Commission	1,148
Transportation	864,239
Veterans Affairs	34,182
Water Pollution Control Authority	15,149
Total Federal Revenues	**$ 8,924,066**

UNAUDITED DRAFT

This part of the State of Alabama's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

Financial Trends **Page 276**

These schedules contain trend information to help the reader understand how the State's financial performance has changed over time.

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity **Page 286**

These schedules contain information to help the reader assess the factors affecting the State's ability to generate its individual income tax and corporate income tax.

- Major Revenue Base
- Revenue Rates
- Principal Revenue Payers

Debt Capacity **Page 294**

These schedules present information that helps the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.

- Ratios of Outstanding Debt
- Ratios of General Bonded Debt Outstanding
- Debt Limitations
- Pledged Revenue Coverage

Demographic and Economic Information **Page 302**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

- Labor Force Statistics
- Population/Per Capita Personal Income Statistics
- Top Ten Employers in Alabama

Operating Information **Page 306**

These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.

- State Government Employment by Function
- Indicators of Demand or Level of Service
- Indicators of Volume, Usage and Nature of Capital Assets

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.
Note: The number of years presented on each schedule varies according to available data.

UNAUDITED DRAFT

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Amounts in Thousands)

	2016	2015	2014	2013	2012
Governmental Activities					
Net Investment in Capital Assets	$ 20,391,473	$ 20,283,652	$ 20,120,675	$ 20,042,353	$ 19,639,559
Restricted	7,279,462	7,089,569	6,778,290	6,925,550	6,034,129
Unrestricted	(7,575,794)	(7,859,463)	(7,385,096)	(4,816,904)	(4,472,168)
Total Governmental Activities Net Position	**20,095,141**	**19,513,758**	**19,513,869**	**22,150,999**	**21,201,520**
Business-type Activities					
Net Investment in Capital Assets	998,891	980,317	935,875	862,998	879,370
Restricted	613,285	525,088	358,095	704,026	542,740
Unrestricted	(86,588)	(87,165)	(16,103)	67,808	68,075
Total Business-type Activities Net Position	**1,525,588**	**1,418,240**	**1,277,867**	**1,634,832**	**1,490,185**
Primary government					
Net Investment in Capital Assets	21,390,364	21,263,969	21,056,550	20,905,351	20,518,929
Restricted	7,892,747	7,614,657	7,136,385	7,629,576	6,576,869
Unrestricted	(7,662,382)	(7,946,628)	(7,401,199)	(4,749,096)	(4,404,093)
Total Primary Government Net Position	**$ 21,620,729**	**$ 20,931,998**	**$ 20,791,736**	**$ 23,785,831**	**$ 22,691,705**

GASB Statement 61 redefined the reporting entity in 2013. 2012 was restated but it was not practical to restate years prior to 2012.

UNAUDITED DRAFT

2011	2010	2009	2008	2007
$ 19,097,235	$ 18,558,776	$ 18,182,385	$ 17,609,211	$ 16,971,931
5,380,091	4,795,170	4,448,305	4,624,715	6,020,208
(1,514,401)	(766,179)	(650,306)	(318,815)	(196,547)
22,962,925	**22,587,767**	**21,980,383**	**21,915,111**	**22,795,593**
820,675	854,511	846,835	754,001	710,686
465,495	102,653	92,353	479,549	513,546
27,462	233,449	334,859	429,274	368,210
1,313,632	**1,190,613**	**1,274,048**	**1,662,824**	**1,592,441**
19,917,910	19,413,287	19,029,220	18,363,212	17,682,617
5,845,586	4,897,823	4,540,658	5,104,264	6,533,754
(1,486,939)	(532,730)	(315,447)	110,459	171,663
$ 24,276,557	**$ 23,778,380**	**$ 23,254,431**	**$ 23,577,935**	**$ 24,388,034**

UNAUDITED DRAFT

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Amounts in Thousands)

	2016	2015	2014	2013	2012
Expenses					
Governmental Activities					
Economic Development and Regulation	$ 83,953	$ 148,267	$ 117,497	$ 121,933	$ 99,743
Education and Cultural Resources	6,782,127	6,630,078	6,502,828	6,341,871	6,194,484
Natural Resources and Recreation	158,713	219,824	158,043	124,387	143,111
Health	6,969,940	6,820,152	6,543,218	6,427,303	6,407,799
Social Services	2,330,782	2,425,046	2,398,743	2,448,759	2,441,385
Protection of Persons and Property	1,302,498	1,208,686	1,165,601	1,079,644	1,146,584
Transportation	1,755,787	1,475,669	1,454,028	1,319,431	1,197,030
General Government	836,313	895,889	895,477	965,564	915,827
Debt Service - Interest and Other Charges	159,287	155,102	160,847	181,209	154,425
Total Governmental Activities Expenses	**20,379,400**	**19,978,713**	**19,396,282**	**19,010,101**	**18,700,388**
Business-type Activities					
Unemployment Compensation	195,664	210,464	291,417	458,063	701,971
State Port Authority	133,920	141,087	142,757	136,904	133,570
Alabama Community College System	731,628	748,575	757,293	772,150	773,666
Alcoholic Beverage Control Board	312,783	298,212	289,347	282,840	274,718
Nonmajor Proprietary Funds	68,955	71,213	84,418	122,838	91,107
Total Business-type Activities Expenses	**1,442,950**	**1,469,551**	**1,565,232**	**1,772,795**	**1,975,032**
Total Primary Government Expenses	**21,822,350**	**21,448,264**	**20,961,514**	**20,782,896**	**20,675,420**
Program Revenues					
Governmental Activities					
Charges for Services:					
Economic Development and Regulation	114,363	137,912	131,404	174,341	181,360
Education and Cultural Resources	48,786	49,952	51,316	60,134	36,264
Natural Resources and Recreation	70,280	71,728	84,298	74,903	74,790
Health	428,927	405,979	355,442	313,897	388,944
Social Services	65,509	67,290	65,950	49,591	51,379
Protection of Persons and Property	279,372	287,174	276,993	225,468	233,979
Transportation	373,822	185,774	180,079	172,753	180,278
General Government	273,439	180,679	246,314	175,615	207,517
Operating Grants and Contributions	8,521,695	8,369,079	8,071,538	8,061,784	8,212,505
Capital Grants and Contributions	941,948	1,021,107	966,966	976,217	864,113
Total Governmental Activities Program Revenues	**11,118,141**	**10,776,674**	**10,430,300**	**10,284,703**	**10,431,129**
Business-type Activities					
Charges for Services:					
Unemployment Compensation	278,534	325,561	359,914	434,928	474,633
State Port Authority	120,079	144,391	162,617	149,275	143,644
Alabama Community College System	173,813	169,718	168,535	180,608	163,235
Alcoholic Beverage Control Board	327,189	304,658	296,337	280,295	276,879
Nonmajor Proprietary Funds	96,224	89,475	95,218	102,916	99,350
Operating Grants and Contributions	223,448	255,766	336,172	473,220	713,385
Capital Grants and Contributions	20,462	9,037	17,863	6,398	6,469
Total Business-type Activities Program Revenues	**1,239,749**	**1,298,606**	**1,436,656**	**1,627,640**	**1,877,595**
Total Primary Government Program Revenues	**$ 12,357,890**	**$ 12,075,280**	**$ 11,866,956**	**$ 11,912,343**	**$ 12,308,724**

GASB Statement 61 redefined the reporting entity in 2013. 2012 was restated but it was not practical to restate years prior to 2012.

UNAUDITED DRAFT

2011	2010	2009	2008	2007
$ 193,900	$ 228,957	$ 306,533	$ 410,911	$ 335,373
6,735,109	6,434,122	6,393,573	7,197,095	6,680,377
134,591	148,043	113,621	131,327	131,688
6,085,907	6,143,061	5,555,138	5,316,763	5,361,666
2,580,186	2,369,709	1,977,390	1,753,526	1,678,091
1,075,191	1,146,961	1,112,213	1,095,652	1,014,248
1,186,100	1,248,882	1,120,902	1,067,671	997,376
1,008,339	1,037,582	949,493	990,432	887,576
48,631	47,829	51,184	57,253	43,508
19,047,954	**18,805,146**	**17,580,047**	**18,020,630**	**17,129,903**
1,007,325	1,323,058	1,005,780	330,068	248,448
128,100	133,534	150,073	127,200	115,714
859,258	897,134	829,039	812,195	745,122
266,472	254,001	253,312	249,389	230,370
94,015	73,380	79,297	77,189	84,115
2,355,170	**2,681,107**	**2,317,501**	**1,596,041**	**1,423,769**
21,403,124	**21,486,253**	**19,897,548**	**19,616,671**	**18,553,672**
35,782	44,888	50,219	139,257	129,173
43,110	42,653	46,835	43,018	36,739
86,968	80,956	86,470	90,851	68,641
349,863	305,624	353,893	329,533	333,592
48,210	47,401	46,275	27,163	26,309
232,056	229,268	256,596	257,968	219,999
174,375	196,398	196,137	184,262	196,902
217,181	219,982	271,790	449,333	351,389
8,985,884	9,148,048	7,609,718	6,670,099	6,617,849
936,928	927,443	812,481	874,111	719,041
11,110,357	**11,242,661**	**9,730,414**	**9,065,595**	**8,699,634**
546,618	411,147	230,729	247,862	248,987
120,248	119,414	105,174	136,835	113,233
188,877	183,247	162,567	154,798	166,961
265,184	252,647	251,199	252,265	239,852
85,437	81,939	82,318	80,140	80,354
985,767	1,176,837	666,931	305,339	270,897
12,354	31,809	49,654	13,717	19,413
2,204,485	**2,257,040**	**1,548,572**	**1,190,956**	**1,139,697**
$ 13,314,842	**$ 13,499,701**	**$ 11,278,986**	**$ 10,256,551**	**$ 9,839,331**

Continued on next page...

UNAUDITED DRAFT

CHANGES IN NET POSITION (Continued from previous page)

Last Ten Fiscal Years

(Amounts in Thousands)

	2016	2015	2014	2013	2012
Net (Expense)/Revenue					
Governmental Activities	$ (9,261,259)	$ (9,202,039)	$ (8,965,982)	$ (8,725,398)	$ (8,269,259)
Business Activities	(203,201)	(170,945)	(128,576)	(145,155)	(97,437)
Total Primary Government Net (Expense) Revenue	**(9,464,460)**	**(9,372,984)**	**(9,094,558)**	**(8,870,553)**	**(8,366,696)**
General Revenues and Other Changes in Net Position					
Governmental Activities					
Sales and Use Taxes	2,663,197	2,489,460	2,398,362	2,343,322	2,280,723
Income Taxes	3,803,755	3,859,889	3,637,582	3,515,081	3,331,987
Motor Fuels Taxes	581,415	559,890	545,976	541,603	540,666
Utility Taxes	595,498	631,305	640,104	621,684	598,533
Insurance Premium Tax	-	313,316	306,359	297,072	278,196
Insurance Premium Taxes	320,046	-	-	-	-
Property Tax	353,137	349,450	334,275	326,255	324,751
Liquor Taxes	181,229	179,278	171,297	163,026	161,447
Tobacco and Cigarette Taxes	193,992	129,702	126,103	128,714	132,567
Grants and Contributions Not Restricted to Specific Programs	3,419	4,159	9,096	10,421	9,140
Unrestricted Investment Earnings	259,962	22,235	208,608	213,988	292,612
Miscellaneous	1,182,740	1,108,074	1,119,266	1,097,897	1,105,929
Transfers	(295,748)	(292,199)	(254,652)	(259,085)	(276,228)
Total Governmental Activities	**9,842,642**	**9,354,559**	**9,242,376**	**8,999,978**	**8,780,323**
Business-type Activities					
Liquor Taxes	11,453	13,996	11,823	11,864	11,832
Miscellaneous	3,344	5,120	9,500	17,625	14,560
Contributions to Permanent Funds and Endowments	4	4	11	82	40
Special Items	-	-	-	-	-
Transfers	295,748	292,199	254,652	259,085	276,228
Total Business-type Activities	**310,549**	**311,319**	**275,986**	**288,656**	**302,660**
Total Primary Government General Revenues and Other Charges	**10,153,191**	**9,665,878**	**9,518,362**	**9,288,634**	**9,082,983**
Change in Net Position					
Governmental Activities	581,383	152,520	276,394	274,580	511,064
Business-type Activities	107,348	140,374	147,410	143,501	205,223
Total Primary Government Change in Net Position	**$ 688,731**	**$ 292,894**	**$ 423,804**	**$ 418,081**	**$ 716,287**

GASB Statement 61 redefined the reporting entity in 2013. 2012 was restated but it was not practical to restate years prior to 2012.

UNAUDITED DRAFT

2011	2010	2009	2008	2007
$ (7,937,597)	$ (7,562,484)	$ (7,849,633)	$ (8,955,035)	$ (8,430,269)
(150,685)	(424,068)	(768,929)	(405,085)	(284,072)
(8,088,282)	**(7,986,552)**	**(8,618,562)**	**(9,360,120)**	**(8,714,341)**
2,187,852	2,108,834	2,079,718	2,261,452	2,432,286
3,138,756	3,025,877	3,108,459	3,512,255	3,446,018
547,720	551,210	542,887	550,811	569,369
671,347	684,437	697,141	667,573	656,027
263,428	263,243	267,726	292,866	278,139
-	-	-	-	-
315,389	315,321	320,603	314,379	301,158
156,689	156,098	155,592	136,125	163,161
136,702	136,311	140,016	143,836	156,700
9,093	40,323	785	-	-
114,227	283,425	205,111	(181,318)	443,575
1,021,019	932,347	754,619	828,616	830,817
(300,368)	(274,800)	(357,623)	(444,314)	(379,209)
8,261,854	**8,222,626**	**7,915,034**	**8,082,281**	**8,898,041**
11,065	10,558	9,930	9,912	9,831
12,711	11,562	12,400	13,426	4,555
462	102	71	88	131
-	(9,147)	-	-	-
300,368	274,800	357,623	444,314	379,209
324,606	**287,875**	**380,024**	**467,740**	**393,726**
8,586,460	**8,510,501**	**8,295,058**	**8,550,021**	**9,291,767**
324,257	660,142	65,402	(872,754)	467,772
173,921	(136,193)	(388,906)	62,655	109,654
$ 498,178	**$ 523,949**	**$ (323,504)**	**$ (810,099)**	**$ 577,426**

UNAUDITED DRAFT

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in Thousands)

	2016	2015	2014	2013	2012
General Fund					
Nonspendable	$ 3,642	$ 4,142	$ 3,118	$ 2,971	$ 4,003
Assigned	15,750	921	1,894	3,641	1,885
Unassigned	171,567	108,832	119,396	87,922	7,403
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total General Fund	**190,959**	**113,895**	**124,408**	**94,534**	**13,291**
All Other Governmental Funds					
Nonspendable	119,622	111,810	109,648	102,851	100,216
Restricted	6,336,521	6,093,159	6,009,429	6,076,989	5,850,851
Assigned	439,510	49,035	41,799	47,801	86,576
Unassigned	(467,739)	(117,424)	(98,990)	(207,356)	(455,521)
Reserved	-	-	-	-	-
Unreserved, Designated for Capital Projects	-	-	-	-	-
Unreserved, Designated for Debt Service	-	-	-	-	-
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	-	-	-	-	-
Permanent Funds	-	-	-	-	-
Total All Other Governmental Funds	**$ 6,427,914**	**$ 6,136,580**	**$ 6,061,886**	**$ 6,020,285**	**$ 5,582,122**

Accounting principles for reporting fund balances changed in 2011 with the implementation of GASB Statement 54. Prior years are not required to be reclassified. GASB Statement 61 redefined the reporting entity in 2013. 2012 was restated but it was not practical to restate years prior to 2012.

UNAUDITED DRAFT

2011	2010	2009	2008	2007
$ 3,269	$ 0	$ 0	$ 0	$ 0
1,377	-	-	-	-
(24,796)	-	-	-	-
-	5,474	5,519	5,303	5,772
-	79,184	216,623	376,391	399,009
(20,150)	**84,658**	**222,142**	**381,694**	**404,781**
74,617	-	-	-	-
5,275,118	-	-	-	-
36,953	-	-	-	-
(326,458)	-	-	-	-
-	3,450,427	3,163,363	3,191,402	3,498,507
-	153,318	83,481	185,790	440,559
-	689	968	4,513	5,332
-	1,420,879	1,192,314	1,351,620	2,133,319
-	24,374	30,201	24,938	20,659
$ 5,060,230	**$ 5,049,687**	**$ 4,470,327**	**$ 4,758,263**	**$ 6,098,376**

UNAUDITED DRAFT

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in Thousands)

	2016	2015	2014	2013	2012
Revenues					
Taxes	$ 9,688,071	$ 9,495,075	$ 9,179,181	$ 8,943,677	$ 8,661,089
Licenses, Permits, and Fees	839,328	815,854	778,606	684,533	679,897
Fines, Forfeits, and Court Settlements	214,702	141,532	148,451	202,986	255,370
Investment Income	321,877	29,719	251,352	237,924	327,136
Federal Grants and Reimbursements	8,856,733	8,660,916	8,455,805	8,483,042	8,443,239
Other Revenues	1,397,595	1,276,973	1,150,608	1,064,083	1,149,236
Total Revenues	21,318,306	20,420,069	19,964,003	19,616,245	19,515,967
Expenditures					
Economic Development and Regulation	132,869	139,059	115,103	116,286	82,604
Education and Cultural Resources	6,658,723	6,627,937	6,506,117	6,366,268	6,369,327
Natural Resources and Recreation	152,781	244,108	149,825	153,860	151,359
Health	6,983,426	6,785,507	6,507,467	6,351,112	6,372,507
Social Services	2,292,200	2,394,865	2,365,849	2,423,399	2,459,795
Protection of Persons and Property	1,136,237	1,145,092	1,107,139	1,027,538	1,104,876
Transportation	1,979,709	1,747,040	1,680,024	1,685,764	1,557,750
General Government	941,874	886,909	893,213	982,379	930,737
Capital Outlay	48,824	36,337	49,834	55,876	80,479
Debt Service - Principal Retirement	288,565	271,906	270,795	244,736	357,677
Debt Service - Interest and Other Charges	194,992	193,120	198,700	189,960	187,763
Debt Service - Current Refunding to Bondholders	-	-	-	82,802	-
Total Expenditures	20,810,200	20,471,880	19,844,066	19,679,980	19,654,874
Other Financing Sources (Uses)					
Transfers In	2,933,652	3,068,106	2,809,995	2,733,138	2,869,361
Bonds Issued	155,115	610,960	128,985	690,870	15,700
Refunding Bonds Issued	21,660	106,090	814,000	131,160	257,585
Capital Leases	19,836	7,709	6,834	538	45,551
Other Debt Issued	3,163	-	-	-	-
Debt Issuance Premiums	21,114	95,175	165,400	115,957	40,085
Insurance Recovery Proceeds	2,569	5,208	3,849	9,834	5,368
Transfers Out	(3,293,542)	(3,408,617)	(3,105,254)	(3,004,228)	(3,157,233)
Payments to Refunded Bond Escrow Agent	(21,885)	(124,437)	(966,941)	(66,681)	(102,030)
Total Other Financing Sources (Uses)	(158,318)	360,194	(143,132)	610,588	(25,613)
Net Increase (Decrease) for the Year	**349,788**	**308,383**	**(23,195)**	**546,853**	**(164,520)**
Debt Service as a Percentage of Noncapital Expenditures	**2.32%**	**2.42%**	**2.53%**	**2.73%**	**2.8%**

GASB Statement 61 redefined the reporting entity in 2013. 2012 was restated but it was not practical to restate years prior to 2012.

UNAUDITED DRAFT

2011	2010	2009	2008	2007
$ 8,333,168	$ 8,125,015	$ 8,008,871	$ 8,446,889	$ 8,252,828
664,064	667,087	659,189	649,742	652,895
162,358	150,366	254,739	148,030	44,180
132,776	313,159	243,477	(142,347)	519,855
9,292,000	9,306,121	7,606,333	6,697,069	6,379,007
1,116,093	1,198,260	1,244,254	1,523,910	1,550,167
19,700,459	19,760,008	18,016,863	17,323,293	17,398,932
186,281	204,464	226,554	84,627	79,409
6,710,719	6,427,782	6,388,357	7,166,373	6,423,025
149,952	183,387	164,682	194,725	133,234
6,077,718	6,129,642	5,535,484	5,125,487	5,165,879
2,578,242	2,350,328	1,969,621	1,717,523	1,693,797
1,158,878	1,114,794	1,085,493	1,025,662	982,932
1,501,744	1,560,242	1,577,388	1,556,330	1,522,329
1,033,994	1,054,077	959,411	987,302	933,855
52,646	42,525	92,995	272,032	168,402
54,892	50,493	56,388	71,213	68,616
51,874	52,672	47,655	61,514	48,453
-	52,610	-	23,625	-
19,556,940	19,223,016	18,104,028	18,286,413	17,219,931
1,409,958	1,247,478	1,391,457	1,841,818	1,520,089
-	110,000	-	10,000	305,000
91,195	112,030	-	22,660	-
5,989	2,322	9,504	171	11,738
24,262	62,136	-	-	-
8,491	20,746	-	1,210	9,333
5,059	3,465	2,395	4,579	3,024
(1,686,355)	(1,592,790)	(1,757,948)	(2,289,913)	(1,907,908)
(96,755)	(74,415)	-	-	-
(238,156)	(109,028)	(354,592)	(409,475)	(58,724)
(94,637)	**427,964**	**(441,757)**	**(1,372,595)**	**120,277**
0.56%	**0.55%**	**0.6%**	**0.74%**	**0.69%**

UNAUDITED DRAFT

REVENUE CAPACITY
Major Revenue Base: Personal Income by Industry

Last Ten Years
(Amounts in Thousands)

Industry	2015	2014	2013	2012	2011
Mining	$ 712,929	$ 836,749	$ 840,915	$ 880,657	$ 855,675
Utilities	1,856,345	1,765,859	1,728,519	1,659,193	1,726,128
Construction	7,079,691	7,623,717	7,119,022	7,205,484	6,835,481
Manufacturing	17,526,602	17,431,297	16,351,293	15,849,614	15,120,512
Wholesale Trade	5,779,052	5,663,330	5,403,492	5,258,399	5,210,209
Retail Trade	7,982,234	8,303,459	8,017,218	7,865,974	7,752,956
Transportation and warehousing	3,834,795	4,535,965	4,239,256	4,016,668	3,671,504
Finance and insurance	6,506,117	6,459,942	6,015,057	5,775,195	5,593,404
Professional and technical services	9,925,369	9,569,802	9,334,439	9,246,641	9,125,930
Government and government enterprises	25,345,573	24,716,794	24,216,729	24,762,578	25,275,484
All other	98,236,210	95,001,853	91,610,634	91,081,026	87,863,116
Total Personal Income	$ 184,784,917	$ 181,908,767	$ 174,876,574	$ 173,601,429	$ 169,030,399
State Income Taxes	3,378,720	3,310,531	3,206,838	2,979,877	2,816,245
Average Effective Rate*	1.83%	1.82%	1.83%	1.72%	1.67%

Source: Bureau of Economic Analysis, U.S. Department of Commerce
*Note: The average rate for personal income equals state income taxes divided by total personal income.
Year 2015 is the most recent year data available.

UNAUDITED DRAFT

2010	2009	2008	2007	2006
$ 743,147	$ 677,671	$ 789,493	$ 705,789	$ 769,925
1,560,235	1,547,726	1,579,468	1,521,605	1,452,230
6,986,512	6,938,577	7,611,799	7,956,401	7,794,587
14,613,248	14,516,966	16,403,497	16,668,609	16,559,619
5,016,542	5,022,683	5,425,759	5,280,265	5,085,925
7,554,415	7,450,385	7,635,379	7,914,533	7,770,191
3,383,582	3,262,369	3,474,537	3,511,236	3,433,574
5,180,225	5,322,747	5,389,427	5,350,485	5,295,524
8,811,166	9,025,490	9,074,491	8,123,021	7,657,331
25,023,391	24,130,691	23,283,803	22,169,113	20,819,101
84,194,438	79,246,130	79,325,882	74,586,697	70,023,242
$ 163,066,901	$ 157,141,435	$ 159,993,535	$ 153,787,754	$ 146,661,249
2,582,590	$ 2,726,100	$ 3,034,890	$ 3,010,548	$ 2,845,204
1.58%	1.73%	1.90%	1.96%	1.94%

UNAUDITED DRAFT

REVENUE CAPACITY
Revenue Rates: Individual and Corporate Income Tax Rates

Last Ten Calendar Years

Filing Status	**2007-2016**
Taxable Net Income Level	Rate
Single	Gross Income of $4,000 or more
Not Over $500	2%
Over $500 But Not Over $3,000	4%
Over $3,000	5%
Head of Family	Gross Income of $7,700 or more
Not Over $500	2%
Over $500 But Not Over $3,000	4%
Over $3,000	5%
Married Filing Separate	Gross Income of $5,250 or more
Not Over $500	2%
Over $500 But Not Over $3,000	4%
Over $3,000	5%
Married Filing Jointly	Gross Income of $10,500 or more
Not Over $1,000	2%
Over $1,000 But Not Over $6,000	4%
Over $6,000	5%

	2007-2016
Corporate Income Tax Rates	6.5%

UNAUDITED DRAFT

Source: Alabama Department of Revenue

UNAUDITED DRAFT

REVENUE CAPACITY
Principal Revenue Payers: Individual Income Tax Filers and Liability

Last Ten Years

For Tax Year 2015

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	468,533	25%	26,941	1%
12,001- 24,000	378,789	20%	153,715	5%
24,001- 39,000	312,421	16%	294,605	10%
39,001- 60,000	261,297	14%	397,933	14%
60,001- 80,000	150,287	8%	331,181	11%
OVER 80,000	321,801	17%	1,729,039	59%
TOTAL	1,893,128	100%	2,933,414	100%

For Tax Year 2014

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	477,726	25%	27,155	1%
12,001- 24,000	382,163	20%	153,345	5%
24,001- 39,000	310,875	16%	291,717	10%
39,001- 60,000	261,042	14%	396,613	14%
60,001- 80,000	150,587	8%	331,784	11%
OVER 80,000	318,977	17%	1,747,553	59%
TOTAL	1,901,370	100%	2,948,167	100%

For Tax Year 2013

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	477,298	26%	26,620	1%
12,001- 24,000	383,349	20%	150,738	6%
24,001- 39,000	307,355	16%	284,139	10%
39,001- 60,000	255,616	14%	383,903	14%
60,001- 80,000	149,247	8%	326,314	12%
OVER 80,000	299,707	16%	1,545,771	57%
TOTAL	1,872,572	100%	2,717,485	100%

For Tax Year 2012

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	495,994	26%	28,657	1%
12,001- 24,000	388,751	21%	150,991	5%
24,001- 39,000	304,155	16%	282,810	10%
39,001- 60,000	253,402	13%	385,291	13%
60,001- 80,000	147,366	8%	327,971	11%
OVER 80,000	295,562	16%	1,745,714	60%
TOTAL	1,885,230	100%	2,921,434	100%

For Tax Year 2011

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	508,015	27%	25,527	1%
12,001- 24,000	391,371	21%	148,582	6%
24,001- 39,000	301,431	16%	275,551	10%
39,001- 60,000	251,925	13%	377,668	14%
60,001- 80,000	145,089	8%	318,738	12%
OVER 80,000	280,952	15%	1,509,678	57%
TOTAL	1,878,783	100%	2,655,744	100%

Note: Due to legal confidentiality issues, the names of the ten largest individual income tax payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's income tax revenue.

Source: Alabama Department of Revenue
Year 2015 is the most recent data available.

UNAUDITED DRAFT

For Tax Year 2010

Adjusted Gross Income Level	Number of	Percentage	Tax Liability	Percentage
LESS THAN 12,000	491,334	27%	18,570	1%
12,001- 24,000	379,344	21%	135,460	6%
24,001- 39,000	299,181	15%	268,620	11%
39,001- 60,000	248,925	14%	361,130	15%
60,001- 80,000	144,736	8%	305,220	12%
OVER 80,000	270,012	15%	1,338,410	55%
TOTAL	1,833,532	100%	2,427,410	100%

For Tax Year 2009

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	533,337	28%	24,573	1%
12,001- 24,000	397,273	21%	150,509	6%
24,001- 39,000	309,742	16%	278,400	11%
39,001- 60,000	256,580	13%	376,757	16%
60,001- 80,000	144,920	8%	311,292	13%
OVER 80,000	262,361	14%	1,292,084	53%
TOTAL	1,904,213	100%	2,433,615	100%

For Tax Year 2008

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	514,586	28%	22,000	1%
12,001- 24,000	377,749	20%	161,000	6%
24,001- 39,000	301,812	16%	269,000	11%
39,001- 60,000	253,458	14%	359,000	15%
60,001- 80,000	146,330	8%	300,000	12%
OVER 80,000	265,237	14%	1,344,000	55%
TOTAL	1,859,172	100%	2,455,000	100%

For Tax Year 2007

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	526,003	27%	25,258	1%
12,001- 24,000	416,646	21%	159,353	6%
24,001- 39,000	330,490	17%	289,406	10%
39,001- 60,000	268,594	14%	387,854	14%
60,001- 80,000	151,822	8%	320,206	12%
OVER 80,000	272,191	13%	1,576,154	57%
TOTAL	1,965,746	100%	2,758,231	100%

For Tax Year 2006

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 10,000	372,455	22%	22,525	2%
10,001- 20,000	326,257	20%	107,094	7%
20,001- 40,000	408,237	24%	273,349	18%
40,001- 60,000	216,114	13%	230,940	15%
60,001- 80,000	130,007	8%	192,987	13%
OVER 80,000	211,074	13%	680,800	45%
TOTAL	1,664,144	100%	1,507,695	100%

UNAUDITED DRAFT

REVENUE CAPACITY
Principal Revenue Payers: Corporate Income Tax Filers and Liability

Last NineYears

For Tax Year 2014

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	7,734	65%	5,884	1%
50,001- 100,000	1,200	10%	5,347	1%
100,001- 500,000	1,684	14%	23,184	5%
500,001- 1,000,000	474	4%	19,948	5%
1,000,001- and higher	839	7%	369,388	88%
TOTAL	11,931	100%	423,751	100%

For Tax Year 2013

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	18,897	82%	5,655	1%
50,001- 100,000	1,152	5%	5,234	1%
100,001- 500,000	1,660	7%	23,928	5%
500,001- 1,000,000	437	2%	18,766	4%
1,000,001- and higher	810	4%	400,521	89%
TOTAL	22,956	100%	454,104	100%

For Tax Year 2012

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	19,466	82%	5,635	1%
50,001- 100,000	1,137	5%	5,277	1%
100,001- 500,000	1,726	7%	25,689	6%
500,001- 1,000,000	432	2%	19,911	5%
1,000,001- and higher	835	4%	385,641	87%
TOTAL	23,596	100%	442,153	100%

For Tax Year 2011

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	18,652	83%	5,579	1%
50,001- 100,000	1,112	5%	5,140	1%
100,001- 500,000	1,594	7%	23,728	6%
500,001- 1,000,000	434	2%	20,141	5%
1,000,001- and higher	729	3%	371,488	87%
TOTAL	22,521	100%	426,076	100%

For Tax Year 2010

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	18,989	85%	5,448	1%
50,001- 100,000	1,023	5%	4,703	1%
100,001- 500,000	1,398	6%	20,888	5%
500,001- 1,000,000	348	1%	16,250	4%
1,000,001- and higher	689	3%	360,704	89%
TOTAL	22,447	100%	407,993	100%

Note: Due to legal confidentiality issues, the names of the ten largest corporate income tax payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's income tax revenue.

Source: Alabama Department of Revenue
Year 2014 is the most recent data available.

UNAUDITED DRAFT

For Tax Year 2009

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	18,232	84%	5,295	2%
50,001- 100,000	989	5%	4,498	1%
100,001- 500,000	1,392	6%	19,764	6%
500,001- 1,000,000	377	2%	16,337	5%
1,000,001- and higher	653	3%	279,096	86%
TOTAL	21,643	100%	324,990	100%

For Tax Year 2008

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	19,535	83%	6,316	1%
50,001- 100,000	1,217	5%	5,570	1%
100,001- 500,000	1,624	7%	23,328	5%
500,001- 1,000,000	423	2%	17,709	4%
1,000,001- and higher	783	3%	419,016	89%
TOTAL	23,582	100%	471,939	100%

For Tax Year 2007

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	20,384	82%	6,815	1%
50,001- 100,000	1,400	6%	6,378	1%
100,001- 500,000	1,805	7%	26,855	5%
500,001- 1,000,000	467	2%	21,468	4%
1,000,001- and higher	784	3%	491,206	89%
TOTAL	24,840	100%	552,722	100%

For Tax Year 2006

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	20,673	83%	7,355	1%
50,001- 100,000	1,421	5%	6,487	1%
100,001- 500,000	1,735	7%	25,872	5%
500,001- 1,000,000	458	2%	21,311	4%
1,000,001- and higher	767	3%	469,768	89%
TOTAL	25,054	100%	530,793	100%

UNAUDITED DRAFT

DEBT CAPACITY
Ratios of Outstanding Debt

Last Ten Fiscal Years
(Amounts in Thousands, Except Per Capita Amount)

	2016	2015	2014	2013	2012
Primary Government					
Governmental Activities:					
General Obligation Bonds	$ 722,383	$ 631,497	$ 680,476	$ 705,367	$ 713,718
Revenue Bonds	3,667,728	3,942,889	3,517,971	3,580,726	3,044,393
Capital Leases/Notes/Mortgages	191,200	180,902	184,946	173,661	181,117
Total Governmental Activities	**4,581,311**	**4,755,288**	**4,383,393**	**4,459,754**	**3,939,228**
Business-type Activities:					
Revenue Bonds	606,148	634,547	633,492	658,267	672,162
Capital Leases/Notes/Mortgages	4,518	4,607	5,848	5,442	6,840
Total Business-Type Activities	**610,666**	**639,154**	**639,340**	**663,709**	**679,002**
Total Primary Government	**$ 5,191,977**	**$ 5,394,442**	**$ 5,022,733**	**$ 5,123,463**	**$ 4,618,230**
Debt as a percentage of Personal Income †	2.74%	2.85%	2.76%	2.93%	2.66%
Amount of Debt per Capita †	$ 1,068	$ 1,110	$ 1,039	$ 1,060	$ 959

Notes: Details regarding the State's outstanding debt can be found in Note 4 of the financial statements.
Fiscal year 2016 personal income and population data are estimated.
All years presented with revised population and personal income data.
Debt for years prior to 2015 have been restated for the effects of GASB statement 61.

† See the Schedule of Demographic and Economic Statistics on page 307 for personal income and population data.

UNAUDITED DRAFT

2011	2010	2009	2008	2007
$ 748,183	$ 775,893	$ 687,336	$ 721,145	$ 773,253
3,176,226	3,163,629	2,889,186	3,000,661	1,966,774
144,811	117,115	43,549	41,934	42,352
4,069,220	**4,056,637**	**3,620,071**	**3,763,740**	**2,782,379**
665,620	647,299	629,275	623,599	569,575
8,871	11,688	14,275	16,224	20,877
674,491	**658,987**	**643,550**	**639,823**	**590,452**
$ 4,743,711	**$ 4,715,624**	**$ 4,263,621**	**$ 4,403,563**	**$ 3,372,831**
2.81%	2.91%	2.72%	2.77%	2.20%
$ 988	$ 985	$ 896	$ 933	$ 722

UNAUDITED DRAFT

DEBT CAPACITY
Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years
(Amounts in Thousands, Except Per Capita Amount)

Fiscal Year	General Obligation Bonds Payable	Revenue Bonds	Total Debt Outstanding	Amounts Available in Debt Service Funds	Net Bonded Debt	Percentage of of Personal Income †	Per Capita †
2016	722,383	4,273,876	4,996,259	239,387	4,756,872	2.49%	984
2015	631,497	4,577,436	5,208,933	218,089	4,990,844	2.64%	1,027
2014	680,476	4,151,463	4,831,939	205,795	4,626,144	2.54%	954
2013	705,367	4,238,993	4,944,360	187,061	4,757,299	2.72%	984
2012	713,718	3,716,555	4,430,273	172,030	4,258,243	2.45%	884
2011	748,183	3,841,846	4,590,029	152,556	4,437,473	2.63%	924
2010	775,893	3,810,928	4,586,821	156,883	4,429,938	2.72%	926
2009	687,336	3,518,461	4,205,797	87,100	4,118,697	2.62%	866
2008	721,145	3,624,260	4,345,405	141,953	4,203,452	2.63%	891
2007	773,253	2,536,349	3,309,602	143,580	3,166,022	2.06%	676

Note: Details regarding the State's outstanding debt can be found in Note 4 of the financial statements.

† See the Schedule of Demographic and Economic Statistics on page 307 for personal income and population data.

Debt for years prior to 2015 have been restated for the effects of GASB Statement 61.

Fiscal year 2016 personal income and population data are estimated.

All years presented with revised population and personal income data.

UNAUDITED DRAFT

The *Constitution of Alabama of 1901* prohibits the issuance of debt by the State. The State does issue revenue bonds which are limited obligations of public corporations governed by State officials. General Obligation bonds are issued only by voter ratified amendments to the *Constitution of Alabama of 1901*.

UNAUDITED DRAFT

DEBT CAPACITY
Pledged Revenue Coverage – Primary Government Revenue Bonds

Last Ten Fiscal Years
(Amounts in Thousands)

	2016	2015	2014	2013	2012
State Port Authority					
Revenue-Charges for facilities usage	$ 119,691	$ 144,886	$ 162,318	$ 147,508	$ 144,686
Debt Service					
Principal	9,755	9,245	8,770	8,290	7,895
Interest	16,732	16,955	17,063	17,350	17,983
Coverage [1]	4.52	5.53	6.28	5.75	5.59
Alabama College System					
Revenue-Tuition and Fees	148,474	143,738	146,506	170,709	169,874
Debt Service					
Principal	18,258	15,549	25,511	14,226	16,575
Interest	9,470	10,585	11,115	11,351	11,881
Coverage [1]	5.35	5.50	4.00	6.67	5.97
Federal Aid Highway Finance Authority					
Revenue-Federal Revenue	879,343	900,906	941,952	913,307	823,507
Debt Service					
Principal	29,830	23,740	22,675	14,540	13,930
Interest	39,188	30,063	18,562	14,440	3,412
Coverage [1]	12.74	16.74	22.84	31.52	47.49
Alabama Incentives Financing Authority Tennessee Valley Exhibit Commission					
Revenue-Tennessee Valley Electric Payment	16,152	17,513	18,118	19,055	20,642
Debt Service					
Principal	5,770	5,550	5,360	6,025	5,045
Interest	12,170	12,384	12,573	11,919	6,977
Coverage [1]	0.90	0.98	1.01	1.06	1.72

Details regarding the State's outstanding bonds can be found in Note 4 of the financial statements.

[1] Coverage equals revenue divided by debt service.

UNAUDITED DRAFT

2011	2010	2009	2008	2007
$ 121,533	$ 106,460	$ 103,420	$ 125,070	$ 109,735
7,525	7,165	6,830	7,250	6,260
16,775	12,361	14,656	13,428	9,770
5.00	5.45	4.81	6.05	6.85
169,124	148,468	130,763	119,710	119,246
15,475	14,955	14,150	14,311	12,970
11,652	11,393	12,198	12,027	9,448
6.23	5.63	4.96	4.55	5.32
923,363	979,460	726,063	831,530	748,952
13,605	13,010	12,450	11,920	11,415
5,259	5,890	6,527	7,136	7,669
48.95	51.82	38.26	43.64	39.25
19,903	20,851	20,813	19,313	18,328
4,935	140	1,760	2,630	2,480
7,088	6,638	5,982	6,202	7,473
1.66	3.08	2.69	2.19	1.84

UNAUDITED DRAFT

Continued on next page

DEBT CAPACITY
Pledged Revenue Coverage – Primary Government Revenue Bonds
(Continued from previous page)
Last Ten Fiscal Years
(Amounts in Thousands)

	2016	2015	2014	2013	2012
Public School and College Authority					
Revenue-General Sales Tax, Utility Tax, Use Tax	$ 2,524,359	$ 2,441,906	$ 2,459,428	$ 2,353,497	$ 2,441,387
Debt Service					
Principal	180,905	168,460	178,200	163,325	101,770
Interest	97,566	101,762	115,995	108,860	123,123
Coverage [1]	9.07	9.04	8.36	8.65	10.86
Mental Health Financing Authority					
Revenue-Cigarette Tax	8,483	5,477	5,510	5,652	5,930
Debt Service					
Principal	1,760	1,700	1,650	1,400	1,325
Interest	326	383	437	448	195
Coverage [1]	4.07	2.63	2.64	3.06	3.90
Alabama Revolving Fund Authority					
Revenue-Mobile Telecommunications Tax	50,447	57,320	70,117	80,511	82,404
Debt Service					
Principal	960	930	905	885	865
Interest	886	916	940	962	984
Coverage [1]	27.33	31.05	38.00	43.59	44.57
Alabama Twenty-first Century Authority					
Revenue-Tobacco Settlement	13,000	13,000	13,000	13,000	13,000
Debt Service					
Principal	9,160	8,820	8,525	180	6,530
Interest	3,673	4,025	4,281	4,287	7,110
Coverage [1]	1.01	1.01	1.02	2.91	0.95
Alabama Highway Finance Corporation					
Revenue-0.07 Gasoline Tax, 0.13 diesel fuel tax, 0.06 diesel fuel tax, motor carrier tax, inspection fees, identification marker fees	346,376	354,209	-	-	-
Debt Service					
Principal	3,450	3,410	-	-	-
Interest	368	405	-	-	-
Coverage [1]	90.72	92.85			

Details regarding the State's outstanding bonds can be found in Note 4 of the financial statements.

[1] Coverage equals revenue divided by debt service.

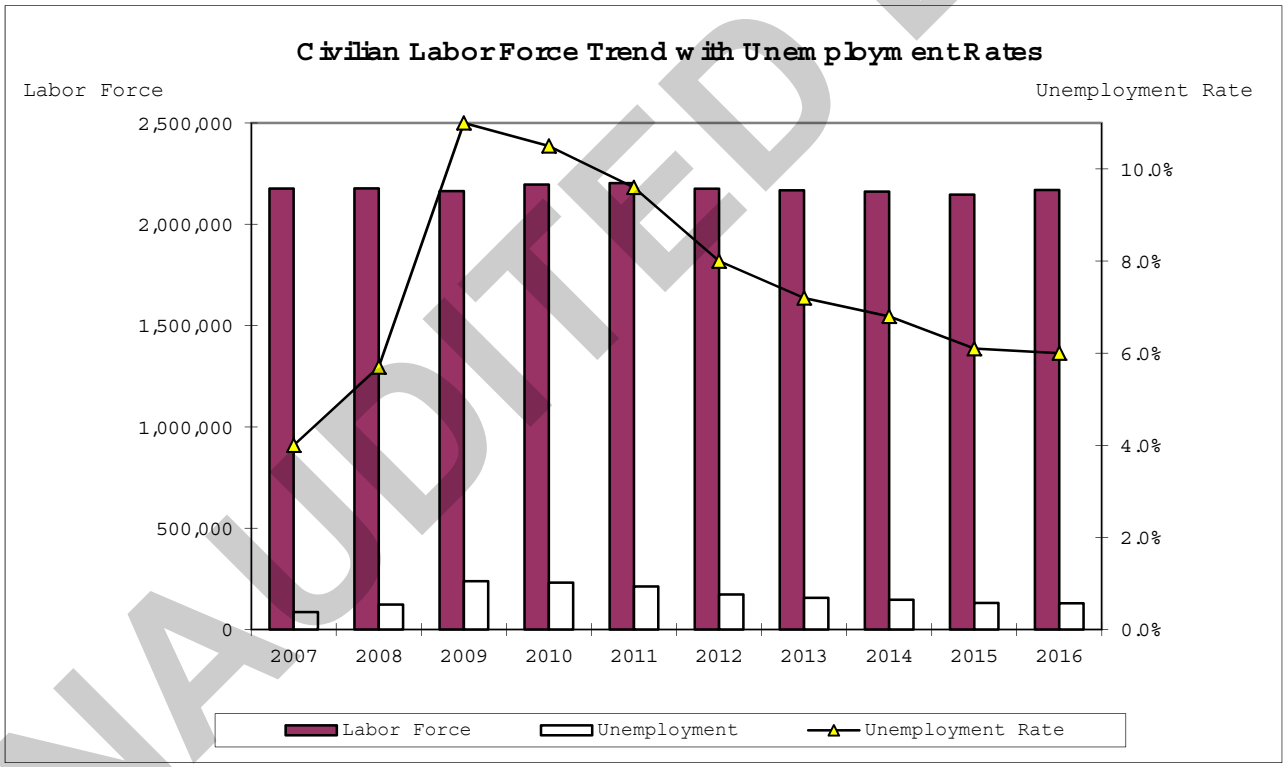
UNAUDITED DRAFT

2011	2010	2009	2008	2007
$ 2,370,684	$ 2,328,626	$ 2,307,959	$ 2,514,550	$ 2,482,747
69,180	71,235	130,720	91,215	87,765
114,892	132,698	116,126	93,359	72,688
12.88	11.42	9.35	13.62	15.47
6,121	6,205	6,364	6,562	6,828
1,255	1,190	4,710	4,775	4490
234	270	505	745	969
4.11	4.25	1.22	1.19	1.25
94,790	105,919	108,781	101,287	101,057
-	515	475	440	405
746	702	743	780	815
127.06	87.03	89.31	83.02	82.83
13,000	13,000	13,000	13,000	13,000
6,205	5,910	5,625	5,360	5,100
6,339	6,659	6,958	7,241	7,513
1.04	1.03	1.03	1.03	1.03
	-	-	-	-
-	-	-	-	-
	-	-	-	-
-	-	-	-	-

UNAUDITED DRAFT

Last Ten Years

Year	Labor Force	Employment	Unemployment	Unemployment Rate
2007	2,175,612	2,089,127	86,485	4.0%
2008	2,176,489	2,053,477	123,012	5.7%
2009	2,162,999	1,924,747	238,252	11.0%
2010	2,196,042	1,964,559	231,483	10.5%
2011	2,202,670	1,990,413	212,257	9.6%
2012	2,174,972	2,001,849	173,123	8.0%
2013	2,167,238	2,010,431	156,807	7.2%
2014	2,161,313	2,014,284	147,029	6.8%
2015	2,146,157	2,015,189	130,968	6.1%
2016	2,168,608	2,038,775	129,833	6.0%



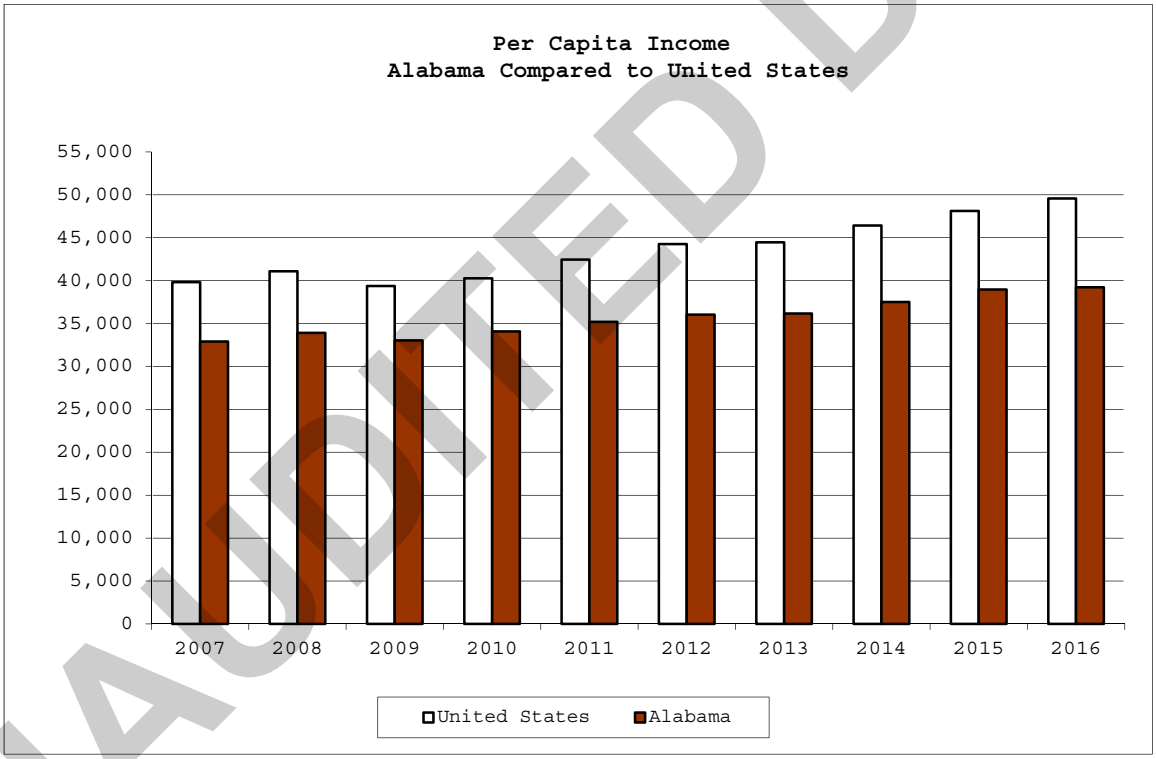
Note: Data were not seasonally adjusted.
2010-2016 data reflects revised population controls and model reestimation with the Bureau of Labor Statistics.
Sources: Local Area Unemployment Statistics, Bureau of Labor Statistics, U. S. Department of Labor

UNAUDITED DRAFT

DEMOGRAPHIC AND ECONOMIC INFORMATION
Population/Per Capita Personal Income Statistics

Last Ten Years

	Population		Per Capita Personal Income		Personal income (in Thousands)	
Year	United States	Alabama	United States	Alabama	United States	Alabama
2007	301,231,207	4,672,840	39,821	32,911	11,995,419,000	153,787,754
2008	304,093,966	4,718,206	41,082	33,910	12,492,705,000	159,993,535
2009	306,771,529	4,757,938	39,376	33,027	12,079,444,000	157,141,435
2010	309,346,863	4,785,822	40,277	34,073	12,459,613,000	163,066,901
2011	311,718,857	4,801,695	42,453	35,202	13,233,436,000	169,030,399
2012	314,102,623	4,817,484	44,267	36,036	13,904,485,000	173,601,429
2013	316,427,395	4,833,996	44,462	36,176	14,068,960,000	174,876,574
2014	318,907,401	4,849,377	46,414	37,512	14,801,624,000	181,908,767
2015	321,418,820	4,859,672	48,112	38,965	15,463,981,000	189,356,877
2016	323,127,513	4,863,300	49,571	39,231	16,017,781,445	190,791,463



Note: Year 2016 is the most recent year for which data are available.
Each year's data is updated by the U.S. Department of Commerce.
Sources: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce

UNAUDITED DRAFT

DEMOGRAPHIC AND ECONOMIC INFORMATION
Top Ten Employers in Alabama

Last Ten Years

	2016			2015		
Employer	Employment Range	Rank	% of Total State Employment	Employment Range	Rank	% of Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.84%	30,000-39,999	1	1.87%
Army	20,000-29,999	2	1.31%	20,000-29,999	2	1.33%
University of Alabama-Birmingham	5,000-9,999	3	0.39%	5,000-9,999	5	0.40%
Regions Bank	5,000-9,999	4	0.39%	5,000-9,999	3	0.40%
U S Postal Service	5,000-9,999	5	0.39%	5,000-9,999	4	0.40%
Mobile Education Board	5,000-9,999	6	0.39%	5,000-9,999	6	0.40%
Publix Alabama LLC	5,000-9,999	7	0.39%	5,000-9,999	8	0.40%
Huntsville Hospital	5,000-9,999	8	0.39%	5,000-9,999	9	0.40%
Alabama Power Co Electric	5,000-9,999	9	0.39%	5,000-9,999	7	0.40%
The University of Alabama	5,000-9,999	10	0.39%	-		-
Auburn University	-	-	-	5,000-9,1000	10	0.40%
	90,000-149,990		6.27%	90,000-149,990		6.40%

	2014			2013		
Employer	Employment Range	Rank	Total State Employment	Employment Range	Rank	Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.89%	30,000-39,999	1	1.96%
Army	20,000-29,999	2	1.35%	20,000-29,999	2	1.39%
Mobile Education Board	5,000-9,999	3	0.41%	5,000-9,999	3	0.41%
University Of Alabama-Birmingham	5,000-9,999	5	0.41%	5,000-9,999	4	0.41%
U S Postal Service	5,000-9,999	4	0.41%	5,000-9,999	5	0.41%
Alabama Power Co Electric	5,000-9,999	6	0.41%	5,000-9,999	6	0.41%
Regions Bank	5,000-9,999	7	0.41%	5,000-9,999	7	0.41%
Huntsville Hospital	5,000-9,999	8	0.41%	5,000-9,999	8	0.41%
Publix Alabama LLC	5,000-9,999	9	0.41%	5,000-9,999	9	0.41%
Auburn University	-	-	-	5,000-9,999	10	0.41%
Ascension Health Ministry Service	5,000-9,1000	10	0.41%	-	-	-
	90,000-149,990		6.52%	90,000-149,990		6.63%

UNAUDITED DRAFT

Note: All figures are based on March of each year. Percentage of Total State Employment is based on the midpoints in the ranges given. State of Alabama is excluded.
Source: Alabama Department of Labor - Labor Market Information Division

Employer	2012 Employment Range	2012 Rank	2012 % of Total State Employment	2011 Employment Range	2011 Rank	2011 % of Total State Employment	2010 Employment Range	2010 Rank	2010 % of Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.93%	30,000-39,999	1	1.93%	30,000-39,999	1	1.94%
Army	20,000-29,999	2	1.38%	20,000-29,999	2	1.38%	20,000-29,999	2	1.39%
Mobile Education Board	5,000-9,999	3	0.41%	5,000-9,999	3	0.41%	5,000-9,999	4	0.42%
U S Postal Service	5,000-9,999	4	0.41%	5,000-9,999	4	0.41%	5,000-9,999	3	0.42%
University Of Alabama-Birmingham	5,000-9,999	5	0.41%	5,000-9,999	5	0.41%	5,000-9,999	6	0.42%
Alabama Power Co Electric	5,000-9,999	6	0.41%	5,000-9,999	6	0.41%	5,000-9,999	7	0.42%
Regions Bank	5,000-9,999	8	0.41%	5,000-9,999	7	0.41%	5,000-9,999	5	0.42%
U. Of Ala In Bham Medical Center	5,000-9,999	7	0.41%	5,000-9,999	8	0.41%	5,000-9,999	8	0.42%
Huntsville Hospital	5,000-9,999	9	0.41%	5,000-9,999	9	0.41%	5,000-9,999	10	0.42%
The University of Alabama	5,000-9,999	10	0.41%	5,000-9,999	10	0.41%	-	-	-
Pilgrims Pride Corporation	-	-	-	-	-	-	5,000-9,999	9	0.42%
	90,000-149,990		6.59%	90,000-149,990		6.59%	90,000-149,990		6.69%

Employer	2009 Employment Range	2009 Rank	2009 % of Total State Employment	2008 Employment Range	2008 Rank	2008 % of Total State Employment	2007 Employment Range	2007 Rank	2007 % of Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.90%	30,000-39,999	1	1.80%	30,000-39,999	1	1.79%
Army	20,000-29,999	2	1.36%	20,000-29,999	2	1.28%	20,000-29,999	2	1.28%
Mobile Education Board	5,000-9,999	4	0.41%	10,000-19,999	3	0.77%	10,000-19,999	4	0.77%
U S Postal Service	5,000-9,999	3	0.38%	5,000-9,999	4	0.39%	10,000-19,999	3	0.77%
Regions Bank	5,000-9,999	9	0.41%	10,000-19,999	5	0.77%	5,000-9,999	5	0.38%
University Of Alabama-Birmingham	5,000-9,999	6	0.41%	5,000-9,999	6	0.39%	5,000-9,999	6	0.38%
Alabama Power Co Electric	5,000-9,999	7	0.41%	5,000-9,999	7	0.39%	5,000-9,999	9	0.38%
Pilgrims Pride Corporation	5,000-9,999	10	0.41%	5,000-9,999	8	0.39%	5,000-9,999	7	0.38%
U. Of Ala In Bham Medical Center	5,000-9,999	8	0.41%	5,000-9,999	9	0.39%	5,000-9,999	8	0.38%
Huntsville Hospital	5,000-9,999	-	0.41%	5,000-9,999	10	0.39%	-	-	-
Winn Dixie Montgomery	-	-	-	-	-	-	5,000-9,999	10	0.38%
Winn Dixie	5,000-9,999	5	0.41%						
	95,000-159,990		6.58%	95,000-159,990		6.89%	100,000-169,000		6.89%

UNAUDITED DRAFT

OPERATING INFORMATION
State Government Employment by Function

Last Ten Years

	2016	2015	2014	2013	2012
Primary Government					
Governmental Activities:					
Economic Development and Regulation	481	691	708	719	724
Education and Cultural Resources	1,789	1,310	1,292	1,111	1,089
Natural Resources and Recreation	1,330	1,447	1,459	1,453	1,483
Health	5,302	5,228	5,429	5,069	6,032
Social Services	5,606	5,782	5,824	5,713	5,696
Protection of Person and Property	7,275	6,381	7,815	8,253	8,422
Transportation	4,893	4,972	4,329	4,795	4,963
General Government	3,995	5,312	4,469	4,048	4,031
Total Governmental Activities	**30,671**	**31,123**	**31,325**	**31,161**	**32,440**
Business-type Activities:					
Alcoholic Beverage Control Board	818	794	879	896	899
State Port Authority	176	188	187	187	188
Alabama Community College System	1,872	1,900	1,909	1,879	1,941
Total Business-Type Activities	**2,866**	**2,882**	**2,975**	**2,962**	**3,028**
Total Primary Government	**33,537**	**34,005**	**34,300**	**34,123**	**35,468**

Note: Includes State Merit System, House, Senate, and Administrative Office of the Courts.

Sources: Alabama Personnel Department
Alabama Commission on Higher Education
Alabama Administrative Office of the Courts
Alabama House of Representatives
Alabama Senate

UNAUDITED DRAFT

2011	2010	2009	2008	2007
745	802	881	881	882
1,183	1,254	1,200	1,226	1,210
1,476	1,451	1,454	1,608	1,378
5,403	5,626	5,513	5,644	5,493
5,911	6,108	5,966	5,968	6,163
8,137	8,521	8,445	8,317	8,057
4,989	5,363	5,301	5,368	5,263
4,464	4,587	4,686	4,731	4,458
32,308	**33,712**	**33,446**	**33,743**	**32,904**
906	902	901	898	895
181	185	193	200	184
1,953	1,950	1,937	1,916	1,885
3,040	**3,037**	**3,031**	**3,014**	**2,964**
35,348	**36,749**	**36,477**	**36,757**	**35,868**

UNAUDITED DRAFT

OPERATING INFORMATION
Indicators of Demand or Level of Service

Last Ten Fiscal Years

	2016	2015	2014	2013	2012
Economic Development and Regulation					
Forestry Commission					
Number of fires	1,637	2,377	1,485	1,682	1,421
Average acres burned	12	13	16	13	12
Agriculture and Industries					
Pounds of meat processed under inspection	85,033,628	86,648,858	83,532,371	104,532,371	87,148,545
Educational and Cultural Resources					
Education Department					
Teachers	46,349	46,480	46,232	46,089	46,073
Number of local schools supported	1,467	1,480	1,491	1,501	1,496
Number of children served	730,563	740,567	740,567	739,295	743,130
Natural Resources and Recreation					
Conservation and Natural Resources					
Number of guests to outdoor recreational sites	3,777,838	3,613,957	3,524,785	4,231,342	3,992,768
Acres of land managed	447,886	441,351	436,445	424,621	318,535
Number of registered boats	265,133	262,332	263,893	266,697	266,003
Health - Physical and Mental					
Public Health					
Vital records issued	643,434	617,154	572,855	552,565	471,065
Medicaid					
Average number of monthly recipients	434,201	436,796	422,142	422,448	416,558
Average Number of claims processed monthly	1,766,065	1,769,199	1,697,512	1,830,587	1,799,182
Social Services					
Industrial Relations					
Employment Security claims	156,175	198,482	217,804	256,490	284,253
Human Resources					
Number of visits to licensed child care centers	4,953	2,263	2,508	2,420	2,581
Child support caseload	216,144	218,827	230,915	236,273	236,000
Households receiving food assistance	399,728	417,943	420,629	421,302	411,710
Number of child abuse/neglect assessments	27,077	24,505	22,151	20,456	19,884
Protection of Persons and Property					
Department of Corrections					
Number of inmates	23,328	24,191	24,816	25,340	25,376
Public Safety					
Arrest tickets issued	297,568	267,182	236,958	289,757	411,086
Accidents investigated	32,109	30,850	28,423	29,150	31,544
Pardons and Paroles					
Number of board decisions	7,362	7,239	7,967	9,450	11,946
Number of offenders supervised	54,695	66,736	64,534	64,525	67,339
Forensic Sciences					
Number of death cases investigated	2,717	2,433	2,631	2,464	2,394
Transportation					
Transportation Department					
Roadway miles	10,873	10,874	10,871	10,871	10,870
Bridges	5,431	5,390	5,401	5,393	5,390
General Government					
Administrative Office of Courts					
Caseload	1,628,320	1,630,981	1,682,245	1,814,366	2,039,383
Revenue Department					
Number of payments received	3,222,830	3,162,976	3,104,588	2,925,412	3,460,511

UNAUDITED DRAFT

2011	2010	2009	2008	2007
3,665	2,314	2,094	2,450	4,591
19	11	11	10	16
92,168,293	111,056,537	97,868,453	105,603,617	88,835,448
47,573	48,165	49,364	49,364	49,574
1,523	1,520	1,376	1,367	1,358
749,084	739,198	739,197	744,000	739,552
3,899,694	3,758,217	3,366,161	3,082,009	3,031,646
293,559	210,834	198,802	197,451	10,946
250,402	248,514	271,206	273,406	273,987
440,327	432,547	479,904	517,723	584,475
411,062	397,583	375,542	350,646	n/a
1,785,966	1,726,496	1,631,021	1,500,484	n/a
346,020	359,287	506,603	285,075	237,697
3,203	3,254	3,435	4,060	3,650
234,000	229,000	229,635	228,479	228,019
387,214	344,788	280,625	231,470	226,855
19,538	17,221	n/a	29,301	28,566
25,651	25,390	25,854	25,303	27,062
436,802	533,220	568,505	538,910	407,289
30,227	30,520	30,904	33,115	31,939
11,097	10,284	12,954	12,158	11,546
75,132	71,578	67,579	66,196	58,862
2,476	2,403	2,512	4,098	3,607
10,849	10,876	10,877	10,875	11,235
5,395	5,374	5,368	5,362	5,683
2,248,910	2,589,067	2,611,460	2,589,796	2,353,372
4,368,358	3,318,271	3,296,454	3,304,603	n/a

UNAUDITED DRAFT

Last Ten Fiscal Years

	2016	2015*	2014	2013	2012
Economic Development and Regulation					
Forestry Commission					
Buildings	3	3	159	159	159
Vehicles	362	431	400	307	303
Heavy Equipment	358	362	613	569	547
Educational and Cultural Resources					
Education Television					
Buildings	1	1	25	25	25
Natural Resources and Recreation					
Conservation and Natural Resources					
Buildings	85	85	680	678	671
Vehicles	633	637	743	761	739
Heavy Equipment	169	164	219	223	218
Health					
Environmental Management					
Vehicles	168	176	161	185	173
Mental Health					
Buildings	20	20	85	189	190
Vehicles	37	65	79	80	91
Social Services					
Human Resources					
Buildings	39	37	37	36	36
Protection of Persons and Property					
Agriculture and Industries					
Vehicles	121	102	158	163	154
Corrections					
Buildings	141	137	405	399	391
Vehicles	487	491	560	535	503
Military					
Buildings	185	185	646	641	647
Alabama Law Enforecement Agency					
Vehicles	1,189	1,136	1,131	1,184	1,089
Youth Services					
Buildings	32	32	112	112	113
Vehicles	40	35	89	86	85
Pardons and Paroles					
Vehicles	188	197	324	319	312
Transportation					
Transportation					
Buildings	87	87	583	583	562
Vehicles	2,277	2,150	2,062	2,193	2,099
Heavy Equipment	1,136	1,193	1,047	1,096	1,032
General Government					
Administrative Office of Courts					
Vehicles	9	9	14	14	14
Revenue Department					
Vehicles	12	15	21	28	29

* Capitalization thresholds for capital assets were revised upward in 2015 resulting in a decrease in the number of items
It was not practical to restate years prior to 2015.

UNAUDITED DRAFT

2011	2010	2009	2008	2007
159	160	159	142	142
360	379	380	371	397
569	654	657	671	690
25	26	26	24	24
677	678	668	659	631
740	760	778	774	759
222	214	211	207	211
177	183	163	178	189
190	190	251	359	359
134	132	132	184	172
34	31	30	31	30
165	246	249	234	233
385	370	370	362	362
504	446	421	446	448
657	665	669	680	642
1,372	1,353	1,275	1,375	1,357
114	115	118	119	118
114	106	103	101	96
329	321	322	305	262
526	510	510	501	473
2,276	2,039	2,062	2,343	2,379
1,092	1,093	1,061	1,146	1,127
22	23	22	20	17
34	29	26	27	27

UNAUDITED DRAFT